

**COMPRESHENSIVE ANNUAL
FINANCIAL REPORT
of the
LINN-MAR COMMUNITY SCHOOL DISTRICT
Fiscal Year Ended June 30, 2011**



Prepared by:

**David Nicholson
Business Administrator, Board Secretary,
Board Treasurer**

**2999 North 10th Street
Marion, IA 52302**

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Introductory Section



December 20, 2011

Barry Buchholz, President,
Members of the Board of Education, and the Citizens of
Linn-Mar Community School District
Marion, Iowa

We are proud to submit to you the Comprehensive Annual Financial Report of the Linn-Mar Community School District for the year ending June 30, 2011. This report has been prepared to conform to the guidelines recommended by the Association of School Business Officials International.

MANAGEMENT RESPONSIBILITY

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of the operations of the governmental activities, business-type activities, each major fund and aggregate of the remaining funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds and account groups of the entire District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

CAFR

The 2011 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Internal Controls and Compliance.

Introductory Section- This section includes a transmittal letter, economic outlook of the community, the District's accomplishments, the District's Team Leadership Network and a list of the Board of Directors and District Officials.

Financial Section- The School District's financial statements and schedules are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. This section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The audited basic financial statements provide both an overview and a broad long-term perspective of the School District as

a whole in the government-wide financial statements. The MD&A is provided by management as a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Statistical Section- This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparison.

Compliance Section- This section contains the auditor's reports on the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section also includes the Schedule of Expenditures of Federal Awards.

Linn-Mar Community School District

This report includes all funds of the Linn-Mar Community School District. The District provides a full range of services including instructional, administrative, transportation, food service, maintenance of sites and facilities, clerical and extra- and co-curricular.

The District is governed by a seven-member elected Board of Education. During the 2008 legislative session, a bill was passed that changed the board terms from three years to four years and requires school elections to be held in September of odd numbered years, beginning in September 2009. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Linn-Mar Community School District is located in Linn County in east central Iowa. The District includes portions of Cities of Cedar Rapids, Marion and Robins, as well as unincorporated land in northern Linn County. The District originated in 1948 as Marion Rural Independent School District, and became originated as the Marion Rural Community School District under the Community School Reorganization Act adopted in 1955. It operated under this name from 1955 to 1963. The District is currently the 12th largest of Iowa's 371 public school systems. The certified enrollment taken on the October 1, 2010 was approximately 6,644 students. The District operates one High School, two middle schools, seven elementary schools, an alternative High School Program, a special education transition program, a home school assistance program and an early childhood preschool program. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students

In addition to a strong PK-12 educational program, the District works with the local community college to offer learning opportunities for the adults in the community with the District's community education program.

The District is supported financially by state aid, property taxes, state and federal grants for special projects and local revenue received for tuition and other services.

Economic Condition and Outlook

Linn-Mar Community School District is located in the Cedar Rapids metropolitan area. The District covers 64 square miles and encompasses the outer edges of the city of Marion and the NE portion of city of Cedar Rapids. The Cedar Rapids metropolitan area is home to numerous Fortune 500 companies two of which are located within Linn-Mar's District boundaries.

Rockwell Collins, a Fortune 500 company, is the largest employer, not only in the Linn-Mar District, but in the Cedar Rapids metro area. Rockwell Collins produces advanced communications and aviation electronics for both the government and commercial customers. The company is a leading supplier of commercial and military aviation electronics and communications systems.

Rockwell Collins currently employs approximately 9,500 people in the Cedar Rapids / Iowa City Corridor and continues to expand their facilities throughout the Cedar Rapids Community. Rockwell Collins has been and will continue to have the state's largest technical workforce. Rockwell Collins also prides itself in the partnerships they have established with the local school districts in the area.

The District's facilities are actually in pretty good condition. The oldest building, which opened in 1947 and had several additions, was just repurposed for Administrative offices, our alternative HS and home school program. We have four other facilities that were initially built in the late 50's and early 60's, of which, each has had several additions over the years. The five remaining school sites were built between 1995 and 2010.

The financial solvency ratio of the District measures movement and distribution of current assets. The financial solvency ratio represents a school district's year end position after payment of all current and outstanding or accrued liabilities. After a declining solvency ratio from fiscal years 2000 to 2006, the ratio leveled out to around 5% for three consecutive fiscal years, 2006-2008; and increased to 8% for the 2009 school year. That upward trend continued through the 2010 and 2011 fiscal years with the solvency ratio increasing to 8.78% and 12.53% respectively. The current solvency ratio of 12.53% exceeds the target range of five to ten percent set by the Board of Education. Exceeding the target range will be short lived. The State set the allowable growth at 0% for 2012 fiscal year and 2% for the 2013 fiscal year. This will drive down both our solvency ratio and our total spending authority.

Even though our area has seen some effects from the recession with layoffs, our district continues to see residential growth. In the city of Marion during the 2010 calendar year, 145 new single-family dwelling building permits were issued at a valuation of \$16,677,435 and 21 new multi-family dwelling units were issued at a valuation of \$3,960,067.

District Major Initiative and Achievements

The staff, board, students, and community members are to be commended for making the 2010-2011 a productive. Some of the many accomplishments for the year include:

- During the 2010- 2011 school year, the District work with the City of Marion and a local technology contractor to install fiber optics at five of our school sites, moving away from T-1 lines. This greatly increased the band width at each of these schools.
- The Board authorized the District to convene a committee to review a new math series for our elementary schools. The committee did a very thorough job with some schools piloting some of

the series being considered. In May, the committee recommended to the Board that they adopt Every Day Mathematics as the district's new math series at the elementary level.

- During the course of the year, both the HR and Business departments evaluated various school HR/Payroll and Finance software providers in looking for a provider that would meet the needs of both departments. In April, a consensus was reached and Infinite Visions, a software product of Windsor, was brought to the Board for their approval. This changed the focus of both the HR and Finance departments for the remainder of the year, with the goal of implementing the new software in four short months.
- Many staff members received local, regional, state and national recognition from various professional and community organizations for their dedicated work in educating our youth.
- The recording of approximately 23,638 volunteer hours with 670 volunteers in the District. Volunteers enhance our students' learning by acting as a tutor, reading to a kindergarten class room, assisting teachers in their classrooms or on field trips or serving on committees. Last year, 73 volunteers gave more than 100 hours to our schools with 2 volunteers giving more than 500 hours.
- The District was recognized for its continued excellence in financial reporting with the receipt of the District's seventh consecutive Certificate of Excellence in Financial Reporting award for the 2009-2010 Comprehensive Annual Financial Report (CAFR.)

All of the dedicated work that went into these initiatives and achievements had one main focus: supporting the learning of the District's students. For the 2010-2011 school year, the students, as a group, continued to perform at a high level. Following are a few indicators:

- Student achievement exceeded the primary goal of one year of growth for each grade span in reading, math and science as measured on the ITBS standardized test.
- Students in grades 5-8 met or exceeded their target growth on the NWEA MAP mathematics test.
- On the ITBS and ITED assessments, the students out-performed the state and nation in the content areas of reading, math, and science, continuing a multi-year tradition.
- Linn-Mar students continue to score higher than both the state and national averages of students that complete the ACT assessment. The 10-11 Linn-Mar Community School District composite ACT score was 24.2 compared to 22.3 for state of Iowa and 21.1 national composite scores.

Individual students or teams received state and/or national recognition in variety of academic, extra-curricular and co-curricular competitions, including 20 State qualifying teams and athletes, 12 All-State athletes, 41 All-State musicians, and multiple advanced placement scholars.

Internal Controls

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure

that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The following information reflects the comprehensive budget for these individual funds rather than demonstrating compliance at the legal level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Annually, the District's Board of Education adopts a budget and approves the appropriations for the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund in accordance with provisions outlined in the Statutes of the State of Iowa. The budget is prepared according to generally accepted accounting principals and lists estimates of revenues and expenditures/expenses.

Cash Management

The District, in an effort to be a good manager of public funds, is continuously looking for investment opportunities that comply with the District's investment policy. The current goals of the District investments in order of priority are:

- To ensure safety of the principal;
- To maintain the necessary liquidity to match expected liabilities; and
- To obtain a reasonable rate of return.

To maximize investment return, the District invested in money market deposits, certificates of deposit, savings account and Iowa Schools Joint Investment Trust. Interest revenue of \$125,843.75 was earned on all investments for the current year ended June 30, 2011, a decrease of \$50,289.27 from Fiscal Year 2010. This reduction is largely due to the low interest rates due to the current market conditions.

Risk Management

The District currently covers property, liability and worker's compensation losses with traditional insurance coverage through the Iowa Associations of School Board's group plan carried by Employer's Mutual Insurance Company.

Independent Audit

State law and District policy require an annual audit to be made of the books of account, financial records and transactions of all funds of the District by a Certified Public Accountant selected by the Board of Directors of the District. The District has complied with this requirement. The report of the District's independent accountants, Hunt and Associates, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with the code of Iowa, generally accepted auditing standards, requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of government financial reports

In order to be eligible to receive the Certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both Generally Accepted Accounting Principals and applicable legal requirements.

This Certificate is valid for a period of one year only. The District believes that the current CAFR conforms to the requirements for the Certificate of Excellence and, therefore, is submitting the CAFR to ASBO to determine its eligibility for the Certificate.

Acknowledgements

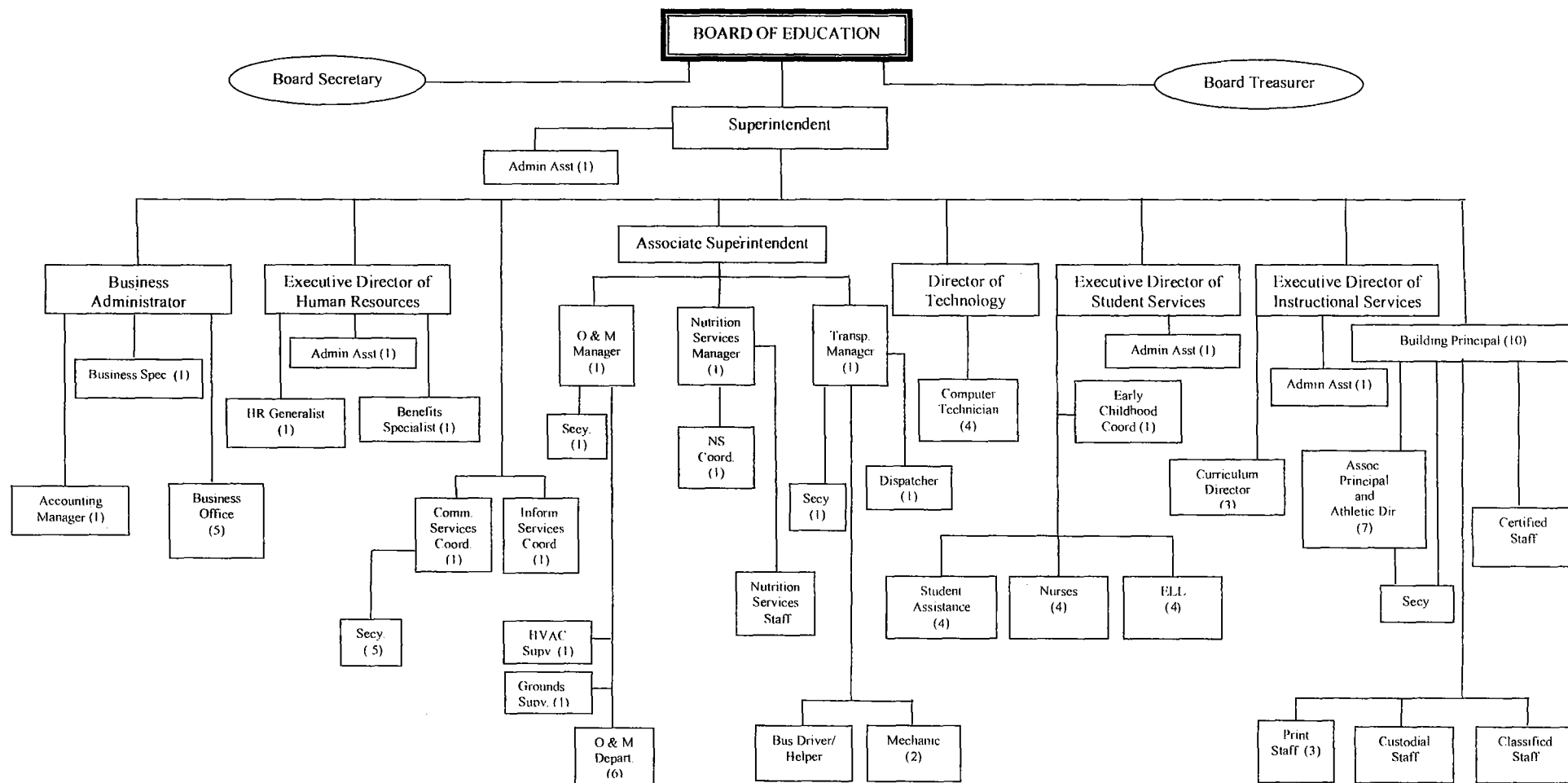
The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This would not have been possible without the help of several people. We would like to express our appreciation to all District, City and County employees who assisted in the preparation of this report.

Finally, sincere appreciation is extended to the Board of Education, where commitment to excellence begins. It is with great pleasure that this year's Comprehensive Annual Financial Report is submitted to the Board of Education.

David L. Nicholson
Business Administrator
Board Secretary/Treasurer

Dr. Kathleen Mulholland
Superintendent of Schools

**Linn-Mar Community School District
Organizational Chart**



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

LINN-MAR COMMUNITY SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2010**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Chuck Linderman

President

John D. Musso

Executive Director

LINN-MAR COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Ann Stark	President	2011
Barry Buchholz	Vice President	2011
Helen Romanowsky	Board Member	2011
Bob Gilchrist	Board Member	2011
Bob Crawford	Board Member	2013
Todd Hutcheson	Board Member	2013
Tina Patterson	Board Member	2013
<u>School Officials</u>		
Dr. Katie Mulholland	Superintendent	2013
David L. Nicholson	Business Administrator	2010
	District Secretary/Treasurer	
Terry Abernathy	Attorney	Indefinite
Simmons Perrine Moyer Bergman PC	Attorney	Indefinite
Ahlers & Cooney	Attorney	Indefinite

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Linn-Mar Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Linn-Mar Community School District, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Linn-Mar Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2011 on our consideration of Linn-Mar Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 18 through 30 and 70 through 72 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Linn-Mar Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, and, on pages 132-133, the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budgets (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa
December 20, 2011

Management Discussion and Analysis

This section of the Linn-Mar Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ending June 30, 2011. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The State of Iowa approved a 2% allowable growth rate for the 2010-11 school year. The allowable growth, along with the addition of 109.7 resident students, helped to generate an increase of authority revenue of \$ 1.39 million in the General Fund.
- The General Fund ending assigned and unassigned fund balance increased from \$5.17million in fiscal year 2010 to \$8.00 million in fiscal year 2011. This equates to a solvency ratio of 12.53 %. The District was able to make these gains because of its anticipation of an across-the-board by the State Legislature cut that never came to be.
- Interest rates continue to be at ridiculously low levels throughout the year from a public fund investment rate of .05% in July, 2010 to .05% in June, 2011 for a 30 day investment. These rates yielded \$18,249 in revenue compared to \$18,364 in 2009-10 in the General Fund.

Overview of the Financial Statements

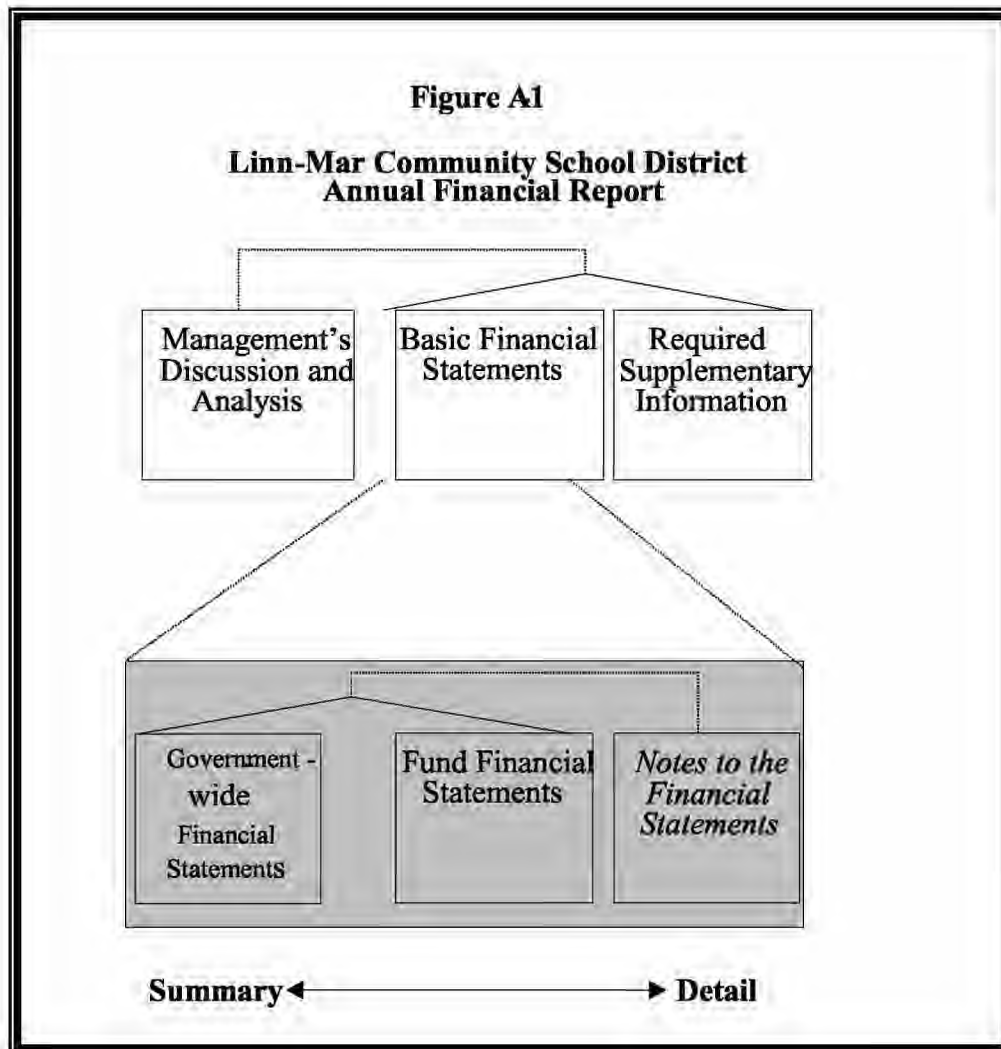
This annual report consists of three parts: management's discussion and analysis (this section), basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *Government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* show how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a

comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.



Government -Wide Financial Statements

The Government-wide statements report information about the District as a whole using

Figure A-2: Major Features of the Government Wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues and expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund includes the Agency Fund for the employee's flexible benefits payroll plan.

Financial Analysis of the District as a Whole

There was a change in the District's combined total assets as evidenced below in Figure A-3. The combined total assets increased by 1.33 percent while combined total liabilities decreased by 4.77 percent. The majority of the increase in total assets can be attributed to the capitalized expenses of \$10.8 million in sales tax revenue bonds for the construction of a new elementary school, transportation and maintenance facility, and stadium. The reduction in total liabilities is due to the retirement of debt and the reduction of compensated absences due to the District's policy in treatment of accrued vacations. In the past, the District required all staff to work a year before being entitled to vacation. Now the District gives all the administrators vacation at the beginning of the year and requires all the vacation days to be used by June 30th. This change has limited the liability for the District.

Figure A-3

Condensed Statement of Net Assets (in millions of dollars)

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Percentage
	2010	2011	2010	2011	2010	2011	Change
							2010-2011
Current and other assets	\$67.99	\$62.38	\$0.30	\$0.50	\$68.29	\$62.88	-7.92%
Capital assets, net	107.28	114.9	0.57	0.71	\$107.85	\$115.61	7.20%
Total Assets	\$175.27	\$177.28	\$0.87	\$1.21	\$176.14	\$178.49	1.33%
Other liabilities	36.99	36.87	0.07	0.06	\$37.06	\$36.93	-0.35%
Long-term obligations	95.75	89.54			\$95.75	\$89.54	-6.49%
Total Liabilities	132.74	126.41	0.07	0.06	132.81	126.47	-4.77%
Net assets:							
Investment in capital assets, net of related debt	12.92	26.46	0.57	0.71	\$13.49	\$27.17	101.41%
Restricted	25.3	16.91			\$25.30	\$16.91	-33.16%
Unrestricted	4.31	7.51	0.23	0.44	\$4.54	\$7.95	75.11%
Total net assets	42.53	50.88	0.8	1.15	43.33	52.03	20.08%

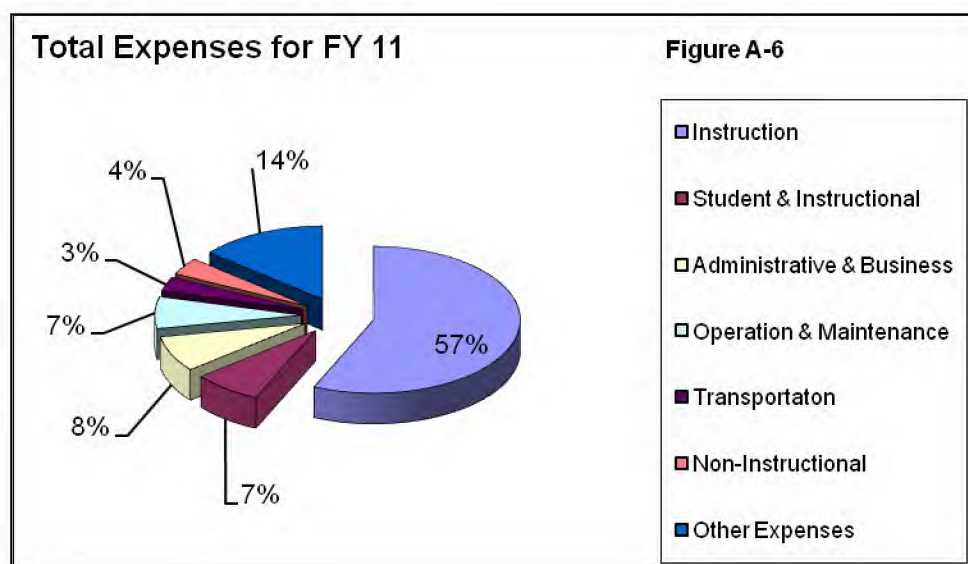
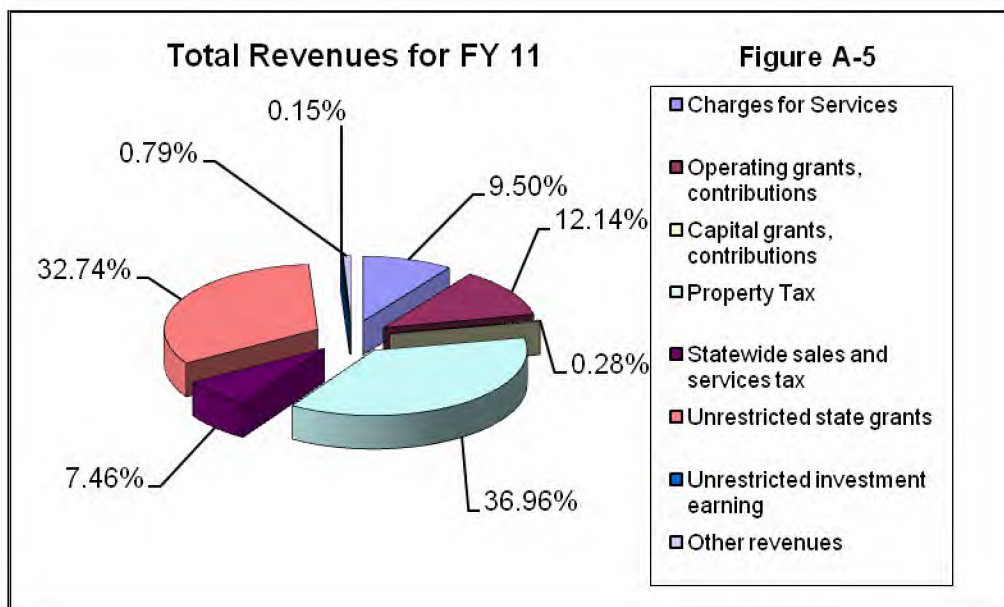
Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.

Changes in Net Assets as shown in Figure A-4 below, illustrates that the District as a whole experienced a 6.74 percent increase in operating revenue while experiencing a 2.23 percent increase in expenses. Approximately \$2.88 million or 56 percent of the total increase in revenue can be attributed to the receipt of additional state aid compared to the prior year when part of the foundation formula was funded with federal stimulus funds. Property taxes and unrestricted state aid account for most of the district's revenue, with each contributing approximately 37 percent and 33 percent, respectively, of the total dollars raised, (See Figure A-5).

The total cost for all programs and services increased 2.23 percent to \$73.39 million. The District's total expenditures are listed in Figure A-6. The chart shows that the majority of the

District's expenditures (64%) are devoted to Instruction and Student and Instructional services. Another 3 percent is spent on transporting our students safely to and from school and on extra curricular events. The majority of the 2.23 percent increase, or \$1.6 million, is due to increase in expenses related to increase in the negotiated salary and benefits.

Figure A-4							
Changes in Net Assets							
	Governmental		Business-type		Total		Percentage
	Activities		Activities		School District		Change
	2010	2011	2010	2011	2010	2011	2010-2011
Revenues:							
Program Revenues:							
Charges for service	\$5.43	\$5.79	\$2.00	\$2.00	\$7.43	\$7.79	4.87%
Operating grants and contributions	8.15	9.1	0.809	0.86	8.96	9.96	11.17%
Capital grants and contributions	0.04	0	0.003	0.229	0.04	0.229	432.56%
General Revenues:							
Property tax	29.58	30.33			29.58	30.33	2.54%
Statewide sales and services tax	6.71	6.12			6.71	6.12	-8.79%
Unrestricted state grants	23.99	26.87			23.99	26.87	12.01%
Unrestricted investment earnings	0.21	0.12	0.0008	0.001	0.21	0.121	-42.60%
Loss on disposal of assets	-0.34	0			(0.34)	0	-100.00%
Other	0.31	0.65	0	0	0.31	0.65	109.68%
Total Revenues	\$74.08	\$78.98	\$2.81	\$3.09	\$76.89	\$82.07	6.74%
Program expenses:							
Governmental activities:							
Instructional	41.42	41.59			\$41.42	41.59	0.41%
Support Services	17.59	18.68	0.084	0.096	\$17.67	18.776	6.24%
Non-instructional programs	0.09	0.11	2.631	2.65	\$2.72	2.76	1.43%
Other expenses	9.97	10.26			\$9.97	10.26	2.91%
Total expenses	\$69.07	\$70.64	\$2.72	\$2.75	\$71.79	\$73.39	2.23%
Changes in net assets	\$5.01	\$8.34	\$0.10	\$0.34	\$5.11	\$8.68	70.08%
Note: Amounts reported here may differ slightly from the amounts reported in the basic financial statements due to rounding.							



Governmental Activities

Revenues for the district's governmental activities increased 6.61 percent, while expenses increased 2.27 percent. The increased revenues can be credited both to the continued growth in student population and efforts of the district to keep a strong financial position:

- In light of the faltering economy, the State of Iowa reduced the state allowable growth to 2 percent, down from the 4 percent given for the past five fiscal years.
- Because of the condition of the economy and the fact that the State issued a 10 % across-the-board cut to state aid for the 2010 fiscal year, the District felt it was necessary to

maintain its cash reserve levy of just over \$3 million. This additional funding would assure that the District would meet its financial obligations in case the State felt it necessary to issue another across-the-board cut.

The District experienced a \$1.57 million increase in governmental activity expenditures, majority of which can be attributed to negotiated salary and benefit packages given to the district employee groups.

Figure A-7 presents the cost of three District activities: Instruction, Support Services, and Other Expenses. The table shows each activity's *net cost*, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN MILLIONS)				Figure A-7		
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2010	2011	2010-2011	2010	2011	2010-2011
INSTRUCTION	\$41.42	\$41.59	0.41%	\$31.99	\$31.11	-2.75%
SUPPORT SERVICES	17.59	18.68	6.20%	16.05	17.03	6.11%
NON-INSTRUCTIONAL PROGRAMS	0.09	0.11	22.22%	0.09	0.11	22.22%
OTHER EXPENSES	9.97	10.26	2.91%	7.32	7.5	2.46%
TOTALS	\$69.07	\$70.64	2.27%	\$55.45	\$55.75	0.01%

- The cost of all governmental activities this year was \$70.64 million.
- A portion of the cost was financed by the users of the District programs (\$5.79 million).
- Federal and State governments subsidized certain programs with grants and contributions (\$9.1 million).
- A majority of the District's net costs of service (\$55.75 million) were financed by District and State taxpayers.
- This portion of governmental activities was financed primarily with \$30.33 million in property taxes and \$26.87 million in unrestricted state aid based in large part on the statewide education aid formula.

Business-Type Activities

Revenues of the District's business-type activities increased by 9.96 percent to \$3.09 million while expenses increased slightly to \$2.75 million (refer to Figure A-4). The main source of the additional revenue came from the \$228,761 of contributed capital that was purchased with bond proceeds for Novak Elementary that opened during the summer of 2010. At the present time, the

only fund that comprises the business-type activities is the School Nutrition Fund. The revenues in the School Nutrition Fund can be broken down into three main categories; charges for services, federal and state reimbursements and investment income.

During the year ending June 30, 2011, the District's net assets increased in the business-type activities by \$347,422. In addition to the \$228 thousand in contributed capital, increase can be attributed to the concerted effort to minimize expenses and price the ala carte items appropriately in the nutrition fund.

Financial Analysis of the District's Funds

Governmental Fund Highlights

At the end of fiscal year 2011, the District's governmental funds reported combined ending fund balances of \$26,599,007, a decrease of \$5,438,494 in comparison with the prior year. A closer look at each individual governmental fund reveals the following;

- The **General Fund** balance increased from \$6.1 million to \$9.8 million due to the District maintaining a strong cash reserve levy of \$3.8 million and the concerted effort of the Linn-Mar Board of Education, Administration and Staff to reduce cost in anticipation of difficult budget, in which the board anticipated the State to issue another across-the-board cut.
- The **Debt Service Fund** balance decreased slightly from \$3.3 million to \$2.91 million. This reduction was anticipated because of the Board's decision to by down our levy by using some fund balance.
- The **Capital Projects Fund** balance decreased from \$20.52 million to \$10.64 in 2011. This resulted from spending down the sales tax bond proceeds for the capital facilities construction expenditures.
- The **Management Fund** balance significantly increased from \$ 1,134,589 to \$2,022,662. This increase was due to the District increasing the property tax levy in anticipation of layoffs that would result in unemployment claims. The District did have some layoffs but they did not result in the unemployment claims.
- The **Student Activity Fund** balance increased from \$ 398,008 in fiscal year 2010 to \$ 549,258 in fiscal year 2011. This increase is attributed to additional fundraising conducted by the students.
- The **Public Education and Recreation Levy Account** balance remained fairly steady, **increasing slightly from \$596 thousand to \$642 thousand.**
- The **Physical Plant and Equipment Levy Account** balance dropped significantly from \$725 thousand to \$ 434 thousand. This drop has to do with the increasing square footage of facilities the District is required to maintain, the amount of money the current levy rate

of 1.00 per 1000 of taxable valuation is generating and the additional expenses moved from the General Fund to the PPEL Fund.

The fund balance of \$ 434 thousand is dangerously low considering all of our infrastructure maintenance and repair projects occur in the summer. We felt comfortable spending down our balance because our voters approved to increase our voter approved levy from 67 cents per \$1,000 of taxable valuation to \$1.34 for the remaining 4 years of our 10 year voted PPEL. This additional 67 cent levy will generate an additional million in property tax revenue. This additional revenue will allow us to build up the ending fund balance to a level that is more appropriate to fund the upcoming summer projects.

Business-Type Fund Highlights

This is the third year in a row that the District's business-type revenues exceeded expenses in the amount of roughly \$118 thousand. The steps taken by management to control cost in tweaking the staffing model and providing meal choices that encourage students to eat school lunches have really made a difference to the financial condition of the nutrition fund.

General Fund Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared according to U.S. Generally Accepted Accounting Principles. Over the course of the year, the District amended its annual operating budget one time to reflect higher than expected costs associated with instruction and supporting activities. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on pages 70 and 71.

Legal Budgetary Highlights

The District's total actual revenues and other financing sources were approximately \$481,000 greater than the total amount budgeted, a variance of roughly .46%. The main contributing factor to this variance had to do with the District receiving less in local revenue than what was originally estimated.

By April 15th of each year, the budget must be adopted by the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Because there are a number of unknowns at that time, such as State revenue allocations, insurance premiums, negotiated employee contracts, enrollment increase, and construction project invoicing, the District has the ability to amend its budget before May 31st of each year. As a result of these unknowns, the following areas of the budget were amended:

- The District amended 3 of the 4 functional areas of its original budget; decreasing Instruction from \$43,942,095 to \$43,381,309, increasing total Support Services from \$18,018,052 to \$18,921,207 and increasing total Other Expenditures from \$26,103,342 to \$38,223,549. The Instruction area of the budget was amended to due to the reduction in actual employment claims and salaries and benefits of our instructional staff. The Support Services area of the budget was amended to support the purchase of new financial software, a new bus and some additional positions funded by the Federal Ed Jobs funds. Finally, the Other Expenditures area of the budget was amended in support of the refinancing approximately \$11.7 million in general obligation bonds.

Capital Asset Administration

By the end of 2011, the District had invested, net of depreciation, \$115.61 million in various capital assets including land, buildings, vehicles and equipment (See Figure A-8). This amount represents a net increase of \$7.76 million or 7.19 percent from last year.

The biggest change in comparing fiscal year 2011 with the previous year is in construction in progress categories, buildings and improvements other than buildings. All three of these areas are inter-related due to all of the capital construction projects that have taken place over the past few years using the proceeds from the issuance of sales tax revenue bonds. \$18 million was moved from construction in progress to buildings and building improvements which account for most of the changes in each area. (See Figure A-8)

Figure A-8

CAPITAL ASSETS, NET OF DEPRECIATION (EXPRESSED IN THOUSANDS)

	GOVERNMENTAL ACTIVITIES		BUSINESS- TYPE ACTIVITIES		TOTAL SCHOOL DISTRICT		TOTAL CHANGE
	2010	2011	2010	2011	2010	2011	2010- 2011
LAND	\$5,061	\$5,290	-	-	\$5,061	\$5,290	4.52%
CONSTRUCTION IN PROGRESS	23,989	15,438	-	-	23,989	15,438	-35.65%
BUILDINGS	72,380	87,144	-	-	72,380	87,144	20.40%
IMPROVEMENTS OTHER THAN BUILDINGS	3,207	4,757	-	-	3,207	4,757	48.33%
FURNITURE AND EQUIPMENT	2,642	2,270	574	713	3,216	2,983	-7.25%
TOTALS	\$107,279	\$114,899	\$574	\$713	\$107,853	\$115,612	7.19%

More detailed information about capital assets can be found in Note 6 to the basic financial statements.

Long-Term Liabilities

At year-end, the District had \$89.54 million in long-term debt, a decrease \$6.21 million over the previous fiscal year. Of this amount, \$6,748,821 is due within one year.

figure A-9

	OUTSTANDING LONG-TERM OBLIGATIONS (EXPRESSED IN THOUSANDS)		
	TOTAL SCHOOL DISTRICT		TOTAL CHANGE
	2010	2011	2010-2011
GENERAL OBLIGATION BONDS	51,215	48,440	-5.42%
CAPITAL LEASE	419	293	-30.07%
EARLY RETIREMENT	534	290	-45.69%
REVENUE BONDS	42,725	39,705	-7.07%
NET OPEB LIABILITY	403	548	35.98%
COMPENSATED ABSENCES	456	263	-42.32%
	<u>\$95,752</u>	<u>\$89,539</u>	<u>-6.49%</u>

Further detailed information about long-term debt can be found in Notes 7 and 8 to the basic financial statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of three existing circumstances that could significantly affect its financial health in the future:

- The state has set the allowable growth at 0% for the 2012 fiscal year and 2% for the 2013 fiscal year. This will be challenging for all the schools in Iowa to meet the expenditure demands.
- The student population growth is starting to increase from our lowest growth 43.5 students last count year to over 83 students this count year. This is very crucial due to the fact that Iowa school funding formula is based in part on student enrollment. It is also very important to our sales tax revenue because enrollment is used in establishing the portion of sales tax revenue that Linn-Mar will receive from the additional tax collected in Linn County.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact David Nicholson., Business Administrator, Linn-Mar Community School District, 2999 North 10th Street, Marion, Iowa 52302.

Basic Financial Statements



LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 32,668,815	\$ 478,618	\$ 33,147,433
Receivables:			
Property tax:			
Current year	236,715	-	236,715
Succeeding year	27,039,000	-	27,039,000
Internal balances	18,420	(18,420)	-
Accrued interest	61,798	-	61,798
Accounts	166,892	-	166,892
Due from other governments	2,156,318	-	2,156,318
Inventories	-	42,448	42,448
Prepaid expenses	37,400	-	37,400
Total current assets	62,385,358	502,646	62,888,004
Non-current assets (note 6):			
Land and construction in progress	20,728,209	-	20,728,209
Depreciable assets	124,870,047	1,298,507	126,168,554
Less: accumulated depreciation	(30,699,327)	(585,099)	(31,284,426)
Total non-current assets	114,898,929	713,408	115,612,337
Total assets	177,284,287	1,216,054	178,500,341
Liabilities			
Current liabilities:			
Accounts payable	1,553,087	2,957	1,556,044
Salaries and benefits payable	5,845,982	-	5,845,982
Due to other governments	195,904	-	195,904
Accrued interest payable	1,080,752	-	1,080,752
Unearned revenue:			
Succeeding year property tax	27,039,000	-	27,039,000
Other	1,152,378	60,209	1,212,587
Current portion of long-term obligations (note 7)	6,748,821	-	6,748,821
Total current liabilities	43,615,924	63,166	43,679,090
Long-term liabilities (notes 7 and 8):			
Non-current portion of long-term obligations	82,790,277	-	82,790,277
Total liabilities	126,406,201	63,166	126,469,367

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 26,461,367	\$ 713,408	\$ 27,174,775
Restricted for:			
Categorical funding (note 11)	1,487,025	-	1,487,025
Management levy	1,732,381	-	1,732,381
Physical plant and equipment levy	422,435	-	422,435
Public education and recreation levy	641,891	-	641,891
Student activities	549,258	-	549,258
Debt service	7,048,745	-	7,048,745
Capital projects	5,023,364	-	5,023,364
Unrestricted	7,511,620	439,480	7,951,100
Total net assets	\$ <u>50,878,086</u>	\$ <u>1,152,888</u>	\$ <u>52,030,974</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 28,640,227	\$ 2,443,557	\$ 4,393,431	\$ -
Special instruction	8,291,861	498,119	1,714,235	-
Other instruction	4,656,988	1,359,727	64,618	-
	<u>41,589,076</u>	<u>4,301,403</u>	<u>6,172,284</u>	<u>-</u>
Support services:				
Student services	3,095,443	1,294,966	-	-
Instructional staff services	2,449,712	2,044	65,777	-
Administration services	5,671,887	-	58,917	-
Operation and maintenance of plant services	5,128,200	115,273	99,534	-
Transportation services	2,331,937	12,137	-	-
	<u>18,677,179</u>	<u>1,424,420</u>	<u>224,228</u>	<u>-</u>
Non-instructional programs	<u>112,581</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenses:				
Facilities acquisition	1,120,778	64,537	-	-
Long-term debt interest and fiscal charges	3,621,298	-	-	-
AEA flowthrough	2,703,997	-	2,703,997	-
Depreciation (unallocated) *	2,819,601	-	-	-
	<u>10,265,674</u>	<u>64,537</u>	<u>2,703,997</u>	<u>-</u>
Total governmental activities	70,644,510	5,790,360	9,100,509	-

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (21,803,239)	\$ -	\$ (21,803,239)
(6,079,507)	-	(6,079,507)
(3,232,643)	-	(3,232,643)
<u>(31,115,389)</u>	<u>-</u>	<u>(31,115,389)</u>
(1,800,477)	-	(1,800,477)
(2,381,891)	-	(2,381,891)
(5,612,970)	-	(5,612,970)
(4,913,393)	-	(4,913,393)
(2,319,800)	-	(2,319,800)
<u>(17,028,531)</u>	<u>-</u>	<u>(17,028,531)</u>
<u>(112,581)</u>	<u>-</u>	<u>(112,581)</u>
(1,056,241)	-	(1,056,241)
(3,621,298)	-	(3,621,298)
-	-	-
(2,819,601)	-	(2,819,601)
<u>(7,497,140)</u>	<u>-</u>	<u>(7,497,140)</u>
<u>(55,753,641)</u>	<u>-</u>	<u>(55,753,641)</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Administration services	\$ 96,252	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	2,649,899	2,003,376	860,457	228,761
Total business-type activities	2,746,151	2,003,376	860,457	228,761
Total	\$ 73,390,661	\$ 7,793,736	\$ 9,960,966	\$ 228,761

General revenues/(expenses):

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
Statewide sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ -	\$ (96,252)	\$ (96,252)
-	442,695	442,695
-	346,443	346,443
(55,753,641)	346,443	(55,407,198)
\$ 24,868,320	\$ -	\$ 24,868,320
3,684,005	-	3,684,005
1,781,832	-	1,781,832
6,121,089	-	6,121,089
26,871,830	-	26,871,830
124,865	979	125,844
645,187	-	645,187
64,097,128	979	64,098,107
8,343,487	347,422	8,690,909
42,534,599	805,466	43,340,065
\$ <u>50,878,086</u>	\$ <u>1,152,888</u>	\$ <u>52,030,974</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 16,801,226	\$ 2,883,381	\$ 9,795,056	\$ 3,189,152	\$ 32,668,815
Receivables:					
Property tax:					
Current year	179,590	29,053	12,424	15,648	236,715
Succeeding year	20,225,000	3,417,000	2,475,000	922,000	27,039,000
Accrued interest	-	-	61,798	-	61,798
Interfund receivable (note 3)	31,717	18,737	204,722	-	255,176
Accounts	27,771	-	70,608	68,513	166,892
Due from other governments (note 4)	978,382	-	1,177,936	-	2,156,318
Prepaid expenses	37,400	-	-	-	37,400
Total assets	<u>\$ 38,281,086</u>	<u>\$ 6,348,171</u>	<u>\$ 13,797,544</u>	<u>\$ 4,195,313</u>	<u>\$ 62,622,114</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities and Fund Balances					
Liabilities:					
Interfund payable (note 3)	\$ 204,722	\$ -	\$ 18,737	\$ 13,297	\$ 236,756
Accounts payable	848,873	-	659,682	44,532	1,553,087
Due to other governments	195,904	-	-	-	195,904
Salaries and benefits payable	5,845,739	-	-	243	5,845,982
Deferred revenue:					
Succeeding year property tax	20,225,000	3,417,000	2,475,000	922,000	27,039,000
Other	1,150,948	-	-	1,430	1,152,378
Total liabilities	<u>28,471,186</u>	<u>3,417,000</u>	<u>3,153,419</u>	<u>981,502</u>	<u>36,023,107</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	37,400	-	-	-	37,400
Restricted for:					
Categorical funding (note 11)	1,487,025	-	-	-	1,487,025
Debt service sinking fund	-	-	4,392,500	-	4,392,500
Debt service	-	2,931,171	-	-	2,931,171
Management levy purposes	-	-	-	2,022,662	2,022,662
Student activities	-	-	-	549,258	549,258
Public education and recreation levy purposes	-	-	-	641,891	641,891
School infrastructure	-	-	5,817,740	-	5,817,740
Physical plant and equipment levy purposes	-	-	433,885	-	433,885
Committed for:					
Textbook/software purchases	285,459	-	-	-	285,459
Assigned for:					
Vehicle purchases	110,941	-	-	-	110,941
Unassigned	7,889,075	-	-	-	7,889,075
Total fund balances	<u>9,809,900</u>	<u>2,931,171</u>	<u>10,644,125</u>	<u>3,213,811</u>	<u>26,599,007</u>
Total liabilities and fund balances	<u>\$ 38,281,086</u>	<u>\$ 6,348,171</u>	<u>\$ 13,797,544</u>	<u>\$ 4,195,313</u>	<u>\$ 62,622,114</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2011

Total fund balances of governmental funds	\$ 26,599,007
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	114,898,929
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,080,752)
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Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(89,539,098)</u>
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Net assets of governmental activities	<u><u>\$ 50,878,086</u></u>
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See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 23,106,614	\$ 3,682,679	\$ 7,695,949	\$ 1,958,898	\$ 36,444,140
Tuition	2,510,058	-	-	-	2,510,058
Other	995,712	5,187	342,364	1,462,469	2,805,732
State sources	33,471,036	1,326	567	719	33,473,648
Federal sources	3,752,150	-	-	-	3,752,150
Total revenues	63,835,570	3,689,192	8,038,880	3,422,086	78,985,728
Expenditures:					
Current:					
Instruction	39,494,522	-	434,059	1,551,798	41,480,379
Support services:					
Student services	3,086,895	-	-	8,547	3,095,442
Instructional staff services	2,477,302	-	-	36,870	2,514,172
Administration services	5,705,040	-	84,774	31,212	5,821,026
Operation and maintenance of plant services	4,666,920	-	144,406	368,175	5,179,501
Transportation services	2,009,139	-	4,671	81,377	2,095,187
	17,945,296	-	233,851	526,181	18,705,328
Non-instructional programs	-	-	19,359	93,222	112,581
Other expenditures:					
Facilities acquisition	-	-	11,765,956	166,578	11,932,534
Long term debt:					
Principal	-	17,676,750	-	-	17,676,750
Interest and fiscal charges	-	3,569,922	-	-	3,569,922
AEA flowthrough	2,703,997	-	-	-	2,703,997
	2,703,997	21,246,672	11,765,956	166,578	35,883,203
Total expenditures	60,143,815	21,246,672	12,453,225	2,337,779	96,181,491
Excess (deficiency) of revenues over (under) expenditures	3,691,755	(17,557,480)	(4,414,345)	1,084,307	(17,195,763)

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 1,769	\$ -	\$ -	\$ -	\$ 1,769
Easement rights proceeds	-	-	500	-	500
Interfund transfers in (note 5)	-	5,462,810	-	-	5,462,810
Interfund transfers out (note 5)	-	-	(5,462,810)	-	(5,462,810)
General obligation bonds issued	-	11,755,000	-	-	11,755,000
Total other financing sources (uses)	1,769	17,217,810	(5,462,310)	-	11,757,269
Net change in fund balances	3,693,524	(339,670)	(9,876,655)	1,084,307	(5,438,494)
Fund balances beginning of year, as restated (note 14)	6,116,376	3,270,841	20,520,780	2,129,504	32,037,501
Fund balances end of year	\$ <u>9,809,900</u>	\$ <u>2,931,171</u>	\$ <u>10,644,125</u>	\$ <u>3,213,811</u>	\$ <u>26,599,007</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ (5,438,494)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 11,096,305	
Depreciation expense	<u>(3,476,206)</u>	7,620,099

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (11,755,000)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 17,676,750

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (51,376)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	243,941	
Compensated absences	192,704	
Net OPEB liability	<u>(145,137)</u>	<u>291,508</u>

Change in net assets of governmental activities \$ 8,343,487

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2011

	<u>School Nutrition</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 478,618
Inventories	<u>42,448</u>
Total current assets	<u>521,066</u>
Non-current assets (note 6):	
Depreciable assets	1,298,507
Less: Accumulated depreciation	<u>(585,099)</u>
Total non-current assets	<u>713,408</u>
Total assets	<u>1,234,474</u>
Liabilities	
Interfund payable	18,420
Accounts payable	2,957
Unearned revenue	<u>60,209</u>
Total liabilities	<u>81,586</u>
Net Assets	
Invested in capital assets	713,408
Unrestricted	<u>439,480</u>
Total net assets	<u>\$ 1,152,888</u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2011

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>2,003,376</u>
Operating expenses:	
Support services:	
Food service operations:	
Purchased services	56,961
Supplies	<u>39,291</u>
	<u>96,252</u>
Non-instructional programs:	
Food service operations:	
Salaries	1,102,022
Benefits	164,170
Purchased services	6,965
Supplies	1,281,493
Depreciation	94,373
Other	<u>876</u>
	<u>2,649,899</u>
Total expenses	<u>2,746,151</u>
Operating loss	<u>(742,775)</u>
Non-operating revenues:	
Interest on investments	979
State sources	23,350
Federal sources	<u>837,107</u>
Total non-operating revenues	<u>861,436</u>
Income before capital contributions	118,661
Capital contributions:	
Equipment	<u>228,761</u>
Change in net assets	347,422
Net assets beginning of year	<u>805,466</u>
Net assets end of year	\$ <u><u>1,152,888</u></u>

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,984,746
Cash received from miscellaneous operating activities	25,564
Cash payments to employees for services	(1,265,512)
Cash payments to suppliers for goods or services	<u>(1,203,690)</u>
Net cash used by operating activities	<u>(458,892)</u>
Cash flows from non-capital financing activities:	
State grants received	23,350
Federal grants received	<u>664,226</u>
Net cash provided by non-capital financing activities	<u>687,576</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(5,196)</u>
Cash flows from investing activities:	
Interest on investments	<u>979</u>
Net increase in cash and cash equivalents	224,467
Cash and cash equivalents beginning of year	<u>254,151</u>
Cash and cash equivalents end of year	<u>\$ 478,618</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (742,775)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	94,373
Commodities used	172,881
Decrease in accounts receivable	2,196
Decrease in inventories	3,335
(Decrease) in accounts payable	(593)
(Decrease) in salaries and benefits payable	(11,467)
Increase in deferred revenue	4,703
Increase in interfund payable	18,420
Decrease in interfund receivable	<u>35</u>
Net cash used by operating activities	<u>\$ (458,892)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$94,373 of federal commodities. In addition, the Enterprise Fund, School Nutrition received equipment valued at \$228,761 which was purchased and contributed by the Special Revenue Fund, Physical Plant and Equipment Levy.

See notes to the basic financial statements.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies

Linn-Mar Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Marion, Iowa, portions of the Cities of Robbins and Cedar Rapids, Iowa and portions of the agricultural territory in Linn County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Linn-Mar Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Linn-Mar Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Linn County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District also reports the following funds, aggregated and reported as nonmajor governmental funds:

The Special Revenue, Management Levy Fund is used to account for resources collected and payments made for casualty, workers' compensation and unemployment insurance and for employee fidelity bonds.

The Special Revenue, Student Activity Fund is used to account for various resources collected and payments made for student intramural and cocurricular activities. Most resources arise from various student groups through resales of supplies and fundraisers.

The Special Revenue, Public Education and Recreation Levy Fund is used to account for resources accumulated and payments made for playground construction and equipment for the benefit primarily of District students.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been repaid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. These amounts have been eliminated from the Government-wide financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Prepaid Expenses – Certain payments to employees for IRS section 125 flex plan benefits represent costs applicable in future periods and are recorded as prepaid expenses in both the government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1
Buildings	2,000
Improvements other than buildings	2,000
Intangibles	175,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned grant revenues and unearned meal revenues.

Long-term Liabilities – In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Fund Balances (continued)

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts set aside for specific purposes through formal action by the Board of Education.

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in other classifications.

Invested in capital assets, net of related debt – In the Government-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Elimination and Reclassification

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the governmental funds were eliminated or reclassified. Governmental interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

F. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

As of June 30, 2011, the carrying amount of the District’s bank deposits and pooled investments totaled \$33,147,433 with bank balances of \$34,158,436. These amounts are included in the cash and pooled investments line of the Government-wide statement of net assets, the governmental funds balance sheet, the proprietary funds statements of net assets and the fiduciary funds statement of assets and liabilities. Of the bank balance, \$1,750,000 was covered by federal depository insurance and \$32,408,436 was collateralized by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 2. Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust and Investment Certificates of Deposit as follows:

	<u>Amortized Cost/ Fair Value</u>
Iowa Schools Joint Investment Trust, Investment Certificate of Deposit	\$ 1,589,655
Iowa Schools Joint Investment Trust, Diversified Portfolio	12,994,849
U.S. Bank Investment Certificate of Deposit	<u>1,083,588</u>
	<u>\$ 15,668,092</u>

The Iowa Schools Joint Investment Trust investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Investment Certificates of Deposit are valued at fair value.

Interest Rate Risk – The District’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody’s Investors Service. The U.S. Bank Investment Certificates of Deposit are rated A1+ by Standard and Poor’s and P1 by Moody’s Investors Service.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the District’s policy to require that time deposits in excess of FDIC insurable limits (\$250,000) be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 3. Interfund Receivables/Payables

The detail of interfund receivables/payables for the year ended June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Amounts due to transactions between funds:		
General	Special Revenue Fund, Student Activity	\$ 10,964
	Public Education and Recreation Levy	2,333
	Enterprise Fund, School Nutrition	18,420
Debt Service	Capital Projects	18,737
Capital Projects	General	<u>204,722</u>
Total		<u>\$ 255,176</u>

These interfund balances arise from timing differences involved in the reimbursement of expenses at year end between the Enterprise Fund, School Nutrition and the General Fund and between the Capital Projects Fund and the Special Revenue Fund, Physical Plant and Equipment Levy. The balances between governmental funds have been eliminated from the Government-wide Statement of Net Assets.

Note 4. Due From Other Governments

A summary of amounts due from various other governments at June 30, 2011, is as follows:

Governmental Funds:

General Fund:

Tuition from other Districts	\$ 331,698
Medicaid reimbursements	300,568
Federal Teacher Quality grants	123,197
Title I grants	99,293
Non-public transportation reimbursement	44,065
Career and technical education grants	37,690
Other	41,871
	<u>978,382</u>

Capital Projects Fund:

Local option sales and services tax	<u>1,177,936</u>
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Total	<u>\$ 2,156,318</u>
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LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 5. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>5,462,810</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,060,726	\$ 229,555	\$ -	\$ 5,290,281
Construction in progress	23,989,091	10,351,806	18,902,969	15,437,928
Total capital assets not being depreciated	<u>29,049,817</u>	<u>10,581,361</u>	<u>18,902,969</u>	<u>20,728,209</u>
Capital assets being depreciated:				
Buildings	92,595,241	17,285,054	-	109,880,295
Improvements other than buildings	4,265,056	1,848,308	-	6,113,364
Furniture and equipment	8,887,991	284,551	296,154	8,876,388
Total capital assets being depreciated	<u>105,748,288</u>	<u>19,417,913</u>	<u>296,154</u>	<u>124,870,047</u>
Less accumulated depreciation for:				
Buildings	20,214,661	2,521,862	-	22,736,523
Improvements other than buildings	1,058,141	297,738	-	1,355,879
Furniture and equipment	6,246,473	656,606	296,154	6,606,925
Total accumulated depreciation	<u>27,519,275</u>	<u>3,476,206</u>	<u>296,154</u>	<u>30,699,327</u>
Total capital assets being depreciated, net	<u>78,229,013</u>	<u>15,941,707</u>	<u>-</u>	<u>94,170,720</u>
Governmental activities capital assets, net	<u>\$ 107,278,830</u>	<u>\$ 26,523,068</u>	<u>\$ 18,902,969</u>	<u>\$ 114,898,929</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 6. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 1,064,550	\$ 233,957	\$ -	\$ 1,298,507
Less accumulated depreciation	490,726	94,373	-	585,099
Business-type activities capital assets, net	<u>\$ 573,824</u>	<u>\$ 139,584</u>	<u>\$ -</u>	<u>\$ 713,408</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:

 Instruction:

Regular	\$ 206,637
Special	59,674
Other	33,515

 Support services:

Administration	25,371
Operation and maintenance of plant services	36,609
Transportation	294,799
	<u>656,605</u>
Unallocated depreciation	<u>2,819,601</u>

Total governmental activities depreciation expense	<u>\$ 3,476,206</u>
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Business-type activities:

Food service operations	<u>\$ 94,373</u>
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LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 534,222	\$ 30,587	\$ 274,528	\$ 290,281	\$ 158,365
General obligation bonds	51,215,000	11,755,000	14,530,000	48,440,000	3,075,000
Revenue bonds	42,725,000	-	3,020,000	39,705,000	3,120,000
Capital leases	419,311	-	126,750	292,561	132,396
Compensated absences	455,764	263,060	455,764	263,060	263,060
Net OPEB liability	403,059	145,137	-	548,196	-
Total	<u>\$ 95,752,356</u>	<u>\$ 12,193,784</u>	<u>\$ 18,407,042</u>	<u>\$ 89,539,098</u>	<u>\$ 6,748,821</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees and administrators. Eligible employees must be at least age fifty-five and employees must have completed twenty years of service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is equal to the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay, multiplied by 50 percent (60 percent for administrators), plus all unused personal days compensated for at the rate of substitute pay used during the last year of service. Employees may also elect to continue participation in the District's group health insurance plan until age 65 or until insurance is acquired elsewhere. Their participation is at the employee's expense with the exception that any unused personal days of separation compensation may be used to cover the cost of premiums.

At June 30, 2011, the District had obligations to sixteen participants with a total liability of \$290,281. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$274,528 and are recorded as an expenditure in the nonmajor Special Revenue Fund, Management Fund. Early retirement is recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

General Obligation Bonds Payable

During the year ended June 30, 2011, the District issued \$10,000,000 in General Obligation School Refunding Bonds dated April 12, 2011 and \$1,755,000 in General Obligation School Refunding Bonds dated April 28, 2011. The April 12, 2011 bonds are payable through the year ended June 30, 2026, with interest rates ranging from 3.25% to 3.5%. The April 28, 2011 bonds are payable through the year ended June 30, 2013, with interest rates ranging from .5% to .75%.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 7. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

The proceeds of the April 12, 2011 General Obligation School Refunding Bonds were used to partially advance refund the General Obligation School Bonds issued on May 1, 2006. Those bonds had an interest rate of 4.25%, were payable through the year ended June 30, 2026, and became callable on May 1, 2011. The refunding of the May 1, 2006 General Obligation School Bonds resulted in a total savings of \$969,671 in debt service requirements over the next fifteen years with a net present value of \$774,690.

The proceeds of the April 28, 2011 General Obligation School Refunding Bonds were used to advance refund the General Obligation School Refunding Bonds issued on April 1, 2006 and to complete the advance refund of the above noted General Obligation School Bonds issued on May 1, 2006. Those bonds had interest rates of 3.875% and 4.25%, respectively, were payable through the years ended June 30, 2013 and June 30, 2026, respectively, and both issues became callable on May 1, 2011. The refunding of the April 1, 2006 General Obligation School Refunding Bonds and the May 1, 2006 General Obligation School Bonds resulted in a total savings of \$109,290 in debt service requirements over the next fifteen years with a net present value of \$99,190.

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 1, 2005			Bond Issue of January 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	3.750 %	\$ 630,000	\$ 295,900	4.000 %	\$ 95,000	\$ 698,606
2013	3.750	650,000	272,275	4.000	100,000	694,806
2014	4.000	670,000	247,900	4.000	105,000	690,806
2015	4.000	695,000	221,100	4.000	110,000	686,606
2016	4.000	730,000	193,300	4.000	115,000	682,206
2017-2021	4.000-4.125	4,075,000	507,300	4.000	9,180,000	2,770,231
2022-2026	-	-	-	4.000-4.125	7,525,000	527,380
		<u>\$ 7,450,000</u>	<u>\$ 1,737,775</u>		<u>\$ 17,230,000</u>	<u>\$ 6,750,641</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 7. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

Year Ending June 30,	Bond Issue of February 1, 2007			Bond Issue of April 1, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	4.000 %	\$ 100,000	\$ 256,573	1.000 %	\$ 1,375,000	\$ 93,555
2013	4.000	400,000	252,572	1.350	1,075,000	79,805
2014	4.125	1,640,000	236,573	1.700	735,000	65,293
2015	3.750	1,715,000	168,922	2.050	740,000	52,797
2016	3.800	1,760,000	104,610	2.400	690,000	37,627
2017-2021	3.850	980,000	37,730	2.650	795,000	21,066
		<u>\$ 6,595,000</u>	<u>\$ 1,056,980</u>		<u>\$ 5,410,000</u>	<u>\$ 350,143</u>
Year Ending June 30,	Bond Issue of April 12, 2011			Bond Issue of April 28, 2011		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	3.25 %	\$ -	\$ 361,800	0.50 %	\$ 875,000	\$ 11,066
2013	3.25	-	343,662	0.75	880,000	6,600
2014	3.25	-	343,662	-	-	-
2015	3.25	-	343,662	-	-	-
2016	3.25	-	343,663	-	-	-
2017-2021	3.25	-	1,718,313	-	-	-
2022-2026	3.25-3.50	10,000,000	1,425,263	-	-	-
		<u>\$ 10,000,000</u>	<u>\$ 4,880,025</u>		<u>\$ 1,755,000</u>	<u>\$ 17,666</u>
Year Ending June 30,	Total					
	Principal	Interest				
2012	\$ 3,075,000	\$ 1,717,500				
2013	3,105,000	1,649,720				
2014	3,150,000	1,584,234				
2015	3,260,000	1,473,087				
2016	3,295,000	1,361,406				
2017-2021	15,030,000	5,054,640				
2022-2026	17,525,000	1,952,643				
	<u>\$ 48,440,000</u>	<u>\$ 14,793,230</u>				

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 7. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2011 sales, services, and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of October 1, 2008			Bond issue of July 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	4.000 %	\$ 1,195,000	\$ 249,877	3.375 %	\$ 1,925,000	\$ 467,459
2013	4.000	1,235,000	201,278	3.375	1,990,000	401,394
2014	4.000-3.500	885,000	158,877	3.375	1,825,000	337,016
2015	3.500-3.600	915,000	125,165	3.375-4.000	1,885,000	274,409
2016	3.600-3.750	945,000	92,143	4.000	1,955,000	203,500
2017-2018	3.75-3.80	1,990,000	76,135	4.000	4,110,000	165,800
		<u>\$ 7,165,000</u>	<u>\$ 903,475</u>		<u>\$ 13,690,000</u>	<u>\$ 1,849,578</u>

Year Ending June 30,	Bond issue of March 1, 2010			Total	
	Interest Rates	Principal	Interest	Principal	Interest
2012	4.000 %	\$ -	\$ 815,030	\$ 3,120,000	\$ 1,532,366
2013	4.000	-	815,030	3,225,000	1,417,702
2014	4.000	-	815,030	2,710,000	1,310,923
2015	4.000	-	815,030	2,800,000	1,214,604
2016	4.000	-	815,030	2,900,000	1,110,673
2017-2021	4.000	3,810,000	3,850,950	9,910,000	4,092,885
2022-2026	4.125-4.500	7,565,000	2,558,093	7,565,000	2,558,093
2027-2030	4.600-4.625	7,475,000	710,830	7,475,000	710,830
		<u>\$ 18,850,000</u>	<u>\$ 11,195,023</u>	<u>\$ 39,705,000</u>	<u>\$ 13,948,076</u>

The District pledged future local option (statewide) sales and services tax revenues to repay the \$9,525,000, \$15,550,000 and \$18,850,000 bonds issued in October of 2008, July of 2009 and March of 2010. The bonds were issued for the purpose of financing a portion of the costs of several ongoing projects. The bonds are payable solely from the proceeds of the statewide sales, services, and use tax revenues received by the District and are payable through 2030. The bonds are not general obligations of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 76 percent of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the notes is \$53,653,076. For the current year, \$4,527,500 of principal and interest were paid on the bonds and total statewide sales, services, and use tax revenues were \$6,121,089.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 7. Long-Term Liabilities (continued)

Revenue Bonds (continued)

The resolutions providing for the issuance of the sales, services, and use tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the statewide school infrastructure sales, services, and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A Reserve Fund will be established by the deposit of 10% of each bond issuance proceeds and will be maintained as necessary to meet the Sinking Account requirements.
- (c) All proceeds after the establishment of the reserve fund from the statewide sales and services tax shall be placed in a Revenue Account for each issuance.
- (d) Monies in the Revenue Accounts shall be disbursed to make deposits into Sinking Accounts to pay the principal and interest requirements of each revenue bond issuance for the fiscal year.
- (e) Any monies remaining in the Revenue Accounts after the required transfers to the Sinking Accounts may be transferred to the Project Accounts to be used for any lawful purpose.

Capital Lease Payable

Details of the District's capital lease indebtedness are as follows:

Year Ending June 30,	Minimum Lease Payments
2012	\$ 145,255
2013	58,094
2014	58,094
2015	58,094
	<u>319,537</u>
Less: Amount representing interest	<u>(26,976)</u>
Total capital lease payable	<u>\$ 292,561</u>

Equipment capitalized under capital lease purchase agreements totals \$713,934.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 8. Other Postemployment Benefits (OPEB)

Plan Description – The District participates in an agent multiple-employer health care plan called the Metro Interagency Insurance Plan (MIIP). This plan provides medical and prescription drug benefits for eligible employees and retirees and their spouses. There are 415 active and 37 retired members in the plan. Participants must be age 55 or older at retirement. The plan issues financial statements and required supplementary information which are available in a report publicly available through request at the Metro Interagency Insurance Program at 1120 33rd Avenue SW, Cedar Rapids, Iowa 52404.

The medical/prescription drug coverage is provided through a self-insured 28E organization plan with Metro Interagency Insurance Program. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 215,390
Interest on net OPEB obligation	3,679
Adjustment to annual required contribution	<u>24,291</u>
Annual OPEB cost	194,778
Contributions made	<u>49,641</u>
Increase in net OPEB obligation	145,137
Net OPEB obligation beginning of year	<u>403,059</u>
Net OPEB obligation end of year	<u><u>\$ 548,196</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$49,641 to the medical plan.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 8. Other Postemployment Benefits (OPEB) (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011, and the preceding two years are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 194,778	25.5%	\$ 548,196
June 30, 2010	191,982	23.3%	403,059
June 30, 2009	255,883	0.0%	255,883

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1,290,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,290,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$42,567,000, and the ratio of the UAAL to covered payroll was 3%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality table projected to 2000, applied on a 2/3 female, 1/3 male basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the study by the Society of Actuaries in 2006. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 9. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2011, 2009, and 2008 were \$2,800,796, \$2,632,144, and \$2,295,834, respectively, equal to the required contributions for each year.

Note 10. Risk Management

Self-Insurance

Health – Six public education entities are currently participating in a 28E organization which was established in 1990 to provide a self-insurance plan for employee medical coverage. The Districts contribute to the self-insurance plan an amount equal to 125% of Wellmark Blue Cross/Blue Shield projections of the rating period. The fund reinsures for stop-loss insurance for claims in excess of \$200,000 per year per individual. An insurance carrier is paid an administrative fee to process the claims.

The total premium paid into the plan by all six members from July 1, 2010 to June 30, 2011 was \$28,666,370, of which \$3,805,539 was paid by Linn-Mar Community School District.

Casualty/Worker's Compensation

Linn-Mar Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 11. Categorical Funding

The District's fund balance reserved for categorical funding at June 30, 2011 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Returning dropout and dropout prevention	\$ 403,654
Salary improvement program	315,200
Professional development for model core curriculum	301,089
Statewide voluntary preschool program	167,308
Professional development	155,653
Gifted and talented	91,469
Home school assistance program	16,717
Market factor incentives	14,578
Limited English proficiency	11,937
Beginning teacher mentoring and induction	<u>9,420</u>
Total	<u>\$ 1,487,025</u>

Note 12. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$2,703,997 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 13. Construction Commitments

The District has entered into various contracts totaling \$13,247,539 for various projects. As of June 30, 2011, costs of \$12,504,600 had been incurred against the contracts. The balance of \$742,939 remaining at June 30, 2011 will be paid as work on the projects progresses.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 14. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 19,795,146	\$ 725,634
Change in fund type classification per implementation of GASB Statement No. 54	<u>725,634</u>	<u>(725,634)</u>
Balances July 1, 2010, as restated	\$ <u><u>20,520,780</u></u>	\$ <u><u>-</u></u>

Required Supplementary Information



LINN-MAR COMMUNITY SCHOOL DISTRICT

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2011**

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 41,759,930	\$ 2,233,116	\$ 43,993,046	\$ 43,286,624	\$ 43,286,624	\$ 706,422
State sources	33,473,648	23,350	33,496,998	35,973,303	35,973,303	(2,476,305)
Federal sources	3,752,150	837,107	4,589,257	2,340,315	2,340,315	2,248,942
Total revenues	78,985,728	3,093,573	82,079,301	81,600,242	81,600,242	479,059
EXPENDITURES/EXPENSES:						
Instruction	41,480,379	-	41,480,379	43,942,095	43,381,309	1,900,930
Support services	18,705,328	96,252	18,801,580	18,018,052	18,921,207	119,627
Non-instructional programs	112,581	2,649,899	2,762,480	3,005,961	3,005,961	243,481
Other expenditures	35,883,203	-	35,883,203	26,103,342	38,223,549	2,340,346
Total expenditures/expenses	96,181,491	2,746,151	98,927,642	91,069,450	103,532,026	4,604,384
Excess (deficiency) of revenues over (under) expenditures/ expenses	(17,195,763)	347,422	(16,848,341)	(9,469,208)	(21,931,784)	5,083,443
Other financing sources, net	11,757,269	-	11,757,269	-	11,755,000	2,269
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(5,438,494)	347,422	(5,091,072)	(9,469,208)	(10,176,784)	5,085,712
Balance beginning of year	32,037,501	805,466	32,842,967	31,258,280	31,258,280	1,584,687
Balance end of year	<u>\$ 26,599,007</u>	<u>\$ 1,152,888</u>	<u>\$ 27,751,895</u>	<u>\$ 21,789,072</u>	<u>\$ 21,081,496</u>	<u>\$ 6,670,399</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$12,462,576.

During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 1,761	\$ 1,761	0.0%	\$ 39,748	4.4%
2010	July 1, 2009	-	1,290	1,290	0.0%	41,783	3.1%
2011	July 1, 2009	-	1,290	1,290	0.0%	42,567	3.0%

See note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information



LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
	Management Levy	Student Activity	Public Education and Recreation Levy	Total
Assets				
Cash and pooled investments	\$ 2,008,897	\$ 580,834	\$ 599,421	\$ 3,189,152
Receivables:				
Property tax:				
Current year	14,000	-	1,648	15,648
Succeeding year	726,000	-	196,000	922,000
Accounts	-	9,198	59,315	68,513
Total assets	\$ 2,748,897	\$ 590,032	\$ 856,384	\$ 4,195,313
Liabilities and Fund Balances				
Liabilities:				
Interfund payable	\$ -	\$ 10,964	\$ 2,333	\$ 13,297
Accounts payable	235	28,137	16,160	44,532
Salaries and benefits payable	-	243	-	243
Deferred revenue:				
Succeeding year property tax	726,000	-	196,000	922,000
Other	-	1,430	-	1,430
Total liabilities	726,235	40,774	214,493	981,502
Fund balances:				
Restricted for:				
Management levy purposes	2,022,662	-	-	2,022,662
Student activities	-	549,258	-	549,258
Public education and recreation levy purposes	-	-	641,891	641,891
Total fund balances	2,022,662	549,258	641,891	3,213,811
Total liabilities and fund balances	\$ 2,748,897	\$ 590,032	\$ 856,384	\$ 4,195,313

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	Special Revenue			
	Management Levy	Student Activity	Public Education and Recreation Levy	Total
Revenues:				
Local sources:				
Local tax	\$ 1,752,568	\$ -	\$ 206,330	\$ 1,958,898
Other	63,836	1,338,052	60,581	1,462,469
State sources	644	-	75	719
Total revenues	<u>1,817,048</u>	<u>1,338,052</u>	<u>266,986</u>	<u>3,422,086</u>
Expenditures:				
Current:				
Instruction	372,057	1,179,741	-	1,551,798
Support services:				
Student services	8,547	-	-	8,547
Instructional staff services	36,870	-	-	36,870
Administration services	31,212	-	-	31,212
Operation and maintenance of plant services	336,148	7,061	24,966	368,175
Transportation services	81,377	-	-	81,377
Non instructional programs	62,764	-	30,458	93,222
Other expenditures:				
Facilities acquisition	-	-	166,578	166,578
Total expenditures	<u>928,975</u>	<u>1,186,802</u>	<u>222,002</u>	<u>2,337,779</u>
Excess (deficiency) of revenues over (under) expenditures	888,073	151,250	44,984	1,084,307
Fund balances beginning of year	<u>1,134,589</u>	<u>398,008</u>	<u>596,907</u>	<u>2,129,504</u>
Fund balances end of year	<u>\$ 2,022,662</u>	<u>\$ 549,258</u>	<u>\$ 641,891</u>	<u>\$ 3,213,811</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 5,921,674	\$ 942,679	\$ 2,930,703	\$ 9,795,056
Receivables:				
Property tax:				
Current year	-	12,424	-	12,424
Succeeding year	-	2,475,000	-	2,475,000
Accrued interest	61,798	-	-	61,798
Interfund receivable	11,512	-	193,210	204,722
Intrafund receivable *	-	-	30,548	30,548
Accounts	-	29,871	40,737	70,608
Due from other governments	1,177,936	-	-	1,177,936
Total assets	\$ 7,172,920	\$ 3,459,974	\$ 3,195,198	\$ 13,828,092
Liabilities and Fund Balances				
Liabilities:				
Interfund payable	\$ -	\$ 18,737	\$ -	\$ 18,737
Intrafund payable *	-	30,548	-	30,548
Accounts payable	150,620	501,804	7,258	659,682
Deferred revenue:				
Succeeding year property tax	-	2,475,000	-	2,475,000
Total liabilities	150,620	3,026,089	7,258	3,183,967
Fund balances:				
Restricted for:				
Debt service sinking fund	2,507,500	-	1,885,000	4,392,500
School infrastructure	4,514,800	-	1,302,940	5,817,740
Physical plant and equipment	-	433,885	-	433,885
Total fund balances	7,022,300	433,885	3,187,940	10,644,125
Total liabilities and fund balances	\$ 7,172,920	\$ 3,459,974	\$ 3,195,198	\$ 13,828,092

* This amount is excluded from the face of the basic financial statements.

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2011

	Statewide Sales , Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ 6,121,089	\$ 1,574,860	\$ -	\$ 7,695,949
Other	79,225	68,708	194,431	342,364
State sources	-	567	-	567
Total revenues	<u>6,200,314</u>	<u>1,644,135</u>	<u>194,431</u>	<u>8,038,880</u>
Expenditures:				
Current:				
Instruction	434,059	-	-	434,059
Support services:				
Administration services	57,771	27,003	-	84,774
Operation and maintenance of plant services	-	144,406	-	144,406
Transportation services	-	4,671	-	4,671
Non-instructional programs	-	19,359	-	19,359
Other expenditures:				
Facilities acquisition	630,827	1,215,690	9,919,439	11,765,956
Total expenditures	<u>1,122,657</u>	<u>1,411,129</u>	<u>9,919,439</u>	<u>12,453,225</u>
Excess (deficiency) of revenues over (under) expenditures	5,077,657	233,006	(9,725,008)	(4,414,345)
Other financing sources (uses):				
Easement rights	-	500	-	500
Interfund transfers out	(4,937,555)	(525,255)	-	(5,462,810)
Total other financing sources (uses)	<u>(4,937,555)</u>	<u>(524,755)</u>	<u>-</u>	<u>(5,462,310)</u>
Net change in fund balances	140,102	(291,749)	(9,725,008)	(9,876,655)
Fund balances beginning of year, as restated	<u>6,882,198</u>	<u>725,634</u>	<u>12,912,948</u>	<u>20,520,780</u>
Fund balances end of year	<u>\$ 7,022,300</u>	<u>\$ 433,885</u>	<u>\$ 3,187,940</u>	<u>\$ 10,644,125</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
District-Wide Activities	\$ 3,367	\$ 2,479	\$ 1,783	\$ 4,063
HS Athletics	45,322	633,855	553,640	125,537
HS Activities	216,986	551,567	492,873	275,680
Middle School Activities	83,863	80,387	69,282	94,968
Elementary School Athletics	37,526	59,739	57,748	39,517
Elementary District-Wide Activities	2,641	-	-	2,641
Indian Creek Elementary	2,484	2,253	3,729	1,008
Novak Elementary	540	-	-	540
Bowman Woods Elementary	3,695	4,852	4,435	4,112
Echo Hill Elementary	(35)	-	-	(35)
Linn Grove	1,567	2,920	3,312	1,175
Activity Administration	52	-	-	52
Total	\$ 398,008	\$ 1,338,052	\$ 1,186,802	\$ 549,258

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ <u>81,977</u>	\$ <u>-</u>	\$ <u>81,977</u>	\$ <u>-</u>
Liabilities				
Flex benefits payable	\$ <u>81,977</u>	\$ <u>-</u>	\$ <u>81,977</u>	\$ <u>-</u>

See accompanying independent auditor's report.

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Local sources:				
Local tax	\$ 36,444,140	\$ 36,280,460	\$ 33,777,996	\$ 30,554,884
Tuition	2,510,058	2,176,974	1,968,604	1,792,758
Other	2,805,732	2,701,306	3,057,302	3,483,303
Intermediate sources	-	-	-	1,892
State sources	33,473,648	27,767,019	31,357,360	29,653,682
Federal sources	3,752,150	5,484,986	2,108,874	1,837,335
Total revenues	<u>\$ 78,985,728</u>	<u>\$ 74,410,745</u>	<u>\$ 72,270,136</u>	<u>\$ 67,323,854</u>
Expenditures:				
Instruction	\$ 41,480,379	\$ 41,092,354	\$ 40,272,400	\$ 37,737,920
Support services:				
Student services	3,095,442	2,236,875	2,175,608	2,012,520
Instructional staff services	2,514,172	2,369,786	2,356,883	2,202,437
Administration services	5,821,026	5,432,534	4,766,021	4,599,765
Operation and maintenance of plant services	5,179,501	5,165,727	5,144,794	4,703,119
Transportation services	2,095,187	2,477,945	2,373,708	2,281,106
Non-instructional programs	112,581	97,096	106,490	108,086
Other expenditures:				
Facilities acquisition	11,932,534	25,726,426	7,635,006	13,889,914
Long-term debt:				
Principal	17,676,750	10,729,432	2,683,424	11,462,161
Interest and fiscal charges	3,569,922	3,409,086	2,304,355	3,075,404
AEA flowthrough	2,703,997	2,582,490	2,285,973	2,103,691
Total expenditures	<u>\$ 96,181,491</u>	<u>\$ 101,319,751</u>	<u>\$ 72,104,662</u>	<u>\$ 84,176,123</u>

See accompanying independent auditor's report.

	2007	2006	2005
\$	23,719,160	\$ 21,599,046	\$ 20,403,652
	1,421,707	1,205,786	1,253,420
	4,046,617	3,002,710	2,045,578
	-	29,089	7,455
	25,415,872	23,250,133	21,001,096
	<u>1,099,201</u>	<u>1,211,973</u>	<u>962,098</u>
\$	<u>55,702,557</u>	\$ <u>50,298,737</u>	\$ <u>45,673,299</u>
\$	33,157,396	\$ 29,974,634	\$ 27,496,940
	1,611,377	1,439,599	1,250,165
	1,881,262	1,879,839	1,609,526
	3,888,547	3,763,761	3,404,941
	4,179,156	4,073,271	3,819,241
	2,011,478	1,606,318	1,509,554
	134,998	123,594	35,199
	18,135,936	2,097,020	1,997,781
	1,990,000	2,065,000	1,965,000
	2,730,336	2,561,488	1,876,949
	<u>1,851,025</u>	<u>1,675,939</u>	<u>1,522,333</u>
\$	<u>71,571,511</u>	\$ <u>51,260,463</u>	\$ <u>46,487,629</u>

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Statistical Section

(Unaudited)

This part of the Linn-Mar Community School District's comprehensive annual financial report presents detailed longitudinal information of the District to help provide contextual understanding of the information in the financial statements, note disclosures, and required supplementary information about the financial health of the District.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain longitudinal information to help the reader understand how the financial condition of the District has changed over time.	84-101
Revenue Capacity These schedules contain longitudinal information to help the reader understand what factors impact the District's ability to generate its property tax revenue.	102-110
Debt Capacity These schedules contain longitudinal information to help the reader access the District current debt level and its ability to issue additional debt in the future.	111-115
Demographic and Economic Information These schedules contain demographic and economic information to help the reader to get a sense of the environment the District's operations take place and provides historical information that can aid the reader to make comparisons with other governments.	116-121
Operating Information These schedules contain information about the District's operations that will help the reader understand how the District's financial information relates to the services and activities provided.	122-129

LINN-MAR COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT
Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 12,343,975	\$ 17,765,683	\$ 18,950,280	\$ 20,216,871
Restricted	1,877,350	1,862,379	1,544,394	1,520,582
Unrestricted	6,547,920	1,296,870	1,543,426	1,453,180
Total Governmental activities net assets	20,769,245	20,924,932	22,038,100	23,190,633
Business-type activities				
Invested in capital assets, net of related debt	166,505	251,625	222,667	230,113
Restricted	-	-	-	-
Unrestricted	111,532	103,353	109,925	(11,093)
Total business-type activities net assets	278,037	354,978	332,592	219,020
Primary government				
Invested in capital assets, net of related debt	12,510,480	18,017,308	19,172,947	20,446,984
Restricted	1,877,350	1,862,379	1,544,394	1,520,582
Unrestricted	6,659,452	1,400,223	1,653,351	1,442,087
Total primary government net assets	21,047,282	21,279,910	22,370,692	23,409,653

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

Source: School District Financial Records

	2007	2008	2009	2010	2011
\$	21,318,303	\$ 24,807,981	\$ 22,311,057	\$ 12,919,519	\$ 26,461,367
	2,164,827	3,365,122	11,235,639	25,300,975	16,905,099
	1,695,688	2,456,499	3,979,908	4,314,105	7,511,620
	25,178,818	30,629,602	37,526,604	42,534,599	50,878,086
	214,844	486,498	643,946	573,824	713,408
	-	-	-	-	-
	(3,686)	(30,500)	65,575	231,642	439,480
	211,158	455,998	709,521	805,466	1,152,888
	21,533,147	25,294,479	22,955,003	13,493,343	27,174,775
	2,164,827	3,365,122	11,235,639	25,300,975	16,905,099
	1,692,002	2,425,999	4,045,483	4,545,747	7,951,100
	25,389,976	31,085,600	38,236,125	43,340,065	52,030,974

LINN-MAR COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Regular Instruction	\$ 16,139,361	\$ 17,039,534	\$ 19,081,962	\$ 20,178,989
Special Instruction	5,150,466	5,757,573	5,164,314	6,679,381
Other Instruction	2,099,637	2,218,068	3,059,878	3,188,662
Student Services	1,489,379	1,648,627	1,223,482	1,412,916
Instructional Staff Services	1,727,303	2,055,120	1,605,511	1,899,314
Administration Services	2,870,739	3,271,431	3,378,697	3,763,183
Operation and Maintenance of Plant Services	2,752,614	3,207,633	3,846,824	4,095,267
Transportation Services	1,201,064	1,434,039	1,888,372	1,703,145
Central Services*	214,611	89,770	-	-
Non-Instructional Programs	31,047	29,200	35,199	123,594
Facilities Acquisition	-	946,714	547,102	362,586
Long-term debt interest and fiscal charges	1,854,262	1,783,718	1,841,270	2,679,973
AEA Flowthrough	1,485,575	1,452,261	1,522,333	1,675,939
Depreciation (unallocated)	987,826	1,036,958	1,365,187	1,418,636
Total governmental activities expenses	38,003,884	41,970,646	44,560,131	49,181,585
Business-Type Activities:				
Food Service Operations	1,358,071	1,621,131	1,737,249	1,975,734
Total primary government expense	39,361,955	43,591,777	46,297,380	51,157,319

	2007	2008	2009	2010	2011
\$ 21,937,911	\$ 25,437,813	\$ 27,781,726	\$ 27,660,836	\$ 28,640,227	
7,519,352	8,420,667	8,818,399	8,880,524	8,291,861	
3,579,827	3,571,552	4,026,619	4,878,366	4,656,988	
1,594,995	1,990,772	2,175,607	2,236,875	3,095,443	
1,878,077	2,299,782	2,294,187	2,386,183	2,449,712	
3,891,968	4,672,761	4,674,249	5,444,176	5,671,887	
4,203,686	4,667,734	5,191,799	5,157,992	5,128,200	
1,919,725	2,169,820	2,159,488	2,363,942	2,331,937	
-	-	-	-	-	-
134,998	528,040	106,490	97,096	112,581	
668,614	1,600,889	1,223,442	1,317,844	1,120,778	
3,187,276	2,749,679	2,464,043	3,837,554	3,621,298	
1,851,025	2,103,691	2,285,973	2,582,490	2,703,997	
1,421,397	1,590,669	2,184,773	2,228,121	2,819,601	
53,788,851	61,803,869	65,386,795	69,071,999	70,644,510	
2,246,998	2,551,435	2,722,516	2,714,789	2,746,151	
56,035,849	64,355,304	68,109,311	71,786,788	73,390,661	

LINN-MAR COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 1,824,369	\$ 2,614,374	\$ 2,583,797	\$ 2,636,136
Support Services	400,659	98,871	118,012	324,150
Facilities Acquisition	-	21,291	2,222	15,869
Operating Grants and Contributions	3,413,166	3,212,119	3,861,964	4,223,332
Capital Grants and Contributions	564,664	655,602	-	64,059
Total governmental activities program revenues	<u>6,202,858</u>	<u>6,602,257</u>	<u>6,565,995</u>	<u>7,263,546</u>
Business-Type Activities:				
Food Service Operations:				
Charges for Services	1,069,697	1,188,254	1,255,687	1,376,066
Operating Grants and Contributions	311,174	390,243	457,601	482,199
Capital Grants and Contributions	-	118,253	-	-
Total business-type activities program revenues	<u>1,380,871</u>	<u>1,696,750</u>	<u>1,713,288</u>	<u>1,858,265</u>
Total primary government program revenues	<u>7,583,729</u>	<u>8,299,007</u>	<u>8,279,283</u>	<u>9,121,811</u>
Net (Expense)/Revenue				
Total governmental activities net expense	(31,801,026)	(35,368,389)	(37,994,136)	(41,918,039)
Total business-type activities net (expense) revenue	<u>22,800</u>	<u>75,619</u>	<u>(23,961)</u>	<u>(117,469)</u>
Total primary government net expense	<u>\$ (31,778,226)</u>	<u>\$ (35,292,770)</u>	<u>\$ (38,018,097)</u>	<u>\$ (42,035,508)</u>

Notes: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

* The District's central services expenditures were reallocated to other functions in later years.

Source: School District Financial Records

	2007	2008	2009	2010	2011
\$	3,135,249	\$ 3,369,306	\$ 3,631,198	\$ 4,191,449	\$ 4,301,403
	268,695	378,260	642,461	1,210,650	1,424,420
	31,801	463,025	515,733	24,664	64,537
	4,863,775	5,967,312	7,239,896	8,149,292	9,100,509
	32,471	606,055	24,030	37,419	-
	8,331,991	10,783,958	12,053,318	13,613,474	14,890,869
	1,636,219	1,781,217	1,991,245	1,997,621	2,003,376
	575,908	681,827	740,393	809,883	860,457
	23,861	327,659	236,818	2,572	228,761
	2,235,988	2,790,703	2,968,456	2,810,076	3,092,594
	10,567,979	13,574,661	15,021,774	16,423,550	17,983,463
	(45,456,860)	(51,019,911)	(53,333,477)	(55,458,525)	(55,753,641)
	(11,010)	239,268	245,940	95,287	346,443
\$	<u>(45,467,870)</u>	<u>\$ (50,780,643)</u>	<u>\$ (53,087,537)</u>	<u>\$ (55,363,238)</u>	<u>\$ (55,407,198)</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Total Governmental Activities net expense	\$ (31,801,026)	\$ (35,368,389)	\$ (37,994,136)	\$ (41,918,039)
Total business-type activities net revenue (expense)	22,800	75,619	(23,961)	(117,469)
Total primary government net expense	<u>\$ (31,778,226)</u>	<u>\$ (35,292,770)</u>	<u>\$ (38,018,097)</u>	<u>\$ (42,035,508)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property tax levied for:*				
General purposes	\$ 13,007,184	\$ 13,825,403	\$ 15,597,005	\$ 16,602,942
Debt service	3,353,356	3,527,896	3,618,618	3,625,571
Capital outlay	1,209,605	1,267,743	1,197,792	1,383,971
Local option sales and services tax	-	-	-	-
Unrestricted state grants	16,373,697	16,741,241	18,313,369	19,940,735
Unrestricted investment earnings	484,146	94,877	147,868	1,129,329
Loss on disposal of capital assets	-	-	-	-
Other	492,574	66,916	232,652	388,024
Total general revenues	<u>34,920,562</u>	<u>35,524,076</u>	<u>39,107,304</u>	<u>43,070,572</u>
Business-type activities:				
Unrestricted investment earnings	1,501	1,322	1,575	3,897
Gain (loss) on disposal of assets	-	-	-	-
Total general revenues	<u>1,501</u>	<u>1,322</u>	<u>1,575</u>	<u>3,897</u>
Total primary government	<u>34,922,063</u>	<u>35,525,398</u>	<u>39,108,879</u>	<u>43,074,469</u>
Changes in Net Assets				
Governmental activities	3,119,536	155,687	1,113,168	1,152,533
Business-type activities	24,301	76,941	(22,386)	(113,572)
Total primary government	<u>\$ 3,143,837</u>	<u>\$ 232,628</u>	<u>\$ 1,090,782</u>	<u>\$ 1,038,961</u>

Notes: The District began to report accrual information when it implemented GASB Statement 34 in 2003. In February 2007, the patrons of Linn County passed the Local Option Sales Tax. During the 2008 legislative session, the Iowa Legislature passed a 1% statewide sales and services tax that replaced the local option sales tax.

*Changes in property tax revenues are a product of underlying changes in property values and tax rates. See Schedules on pages 101, 104 and 109-110.

Source: School District Financial Records

	2007	2008	2009	2010	2011
\$ (45,456,860)	\$ (51,019,911)	\$ (53,333,477)	\$ (55,458,525)	\$ (55,753,641)	
(11,010)	239,268	245,940	95,287	346,443	
<u>\$ (45,467,870)</u>	<u>\$ (50,780,643)</u>	<u>\$ (53,087,537)</u>	<u>\$ (55,363,238)</u>	<u>\$ (55,407,198)</u>	
\$ 17,325,174	\$ 19,280,777	\$ 21,831,162	\$ 22,702,893	\$ 24,868,320	
3,955,928	3,445,151	3,888,560	3,899,645	3,684,005	
2,448,213	2,160,905	2,475,886	2,979,169	1,781,832	
-	5,678,033	5,592,757	6,709,286	6,121,089	
21,510,545	24,618,955	25,677,917	23,992,475	26,871,830	
1,839,083	879,825	277,510	214,798	124,865	
-	-	-	(338,229)	645,187	
366,102	407,049	486,687	306,483	-	
<u>47,445,045</u>	<u>56,470,695</u>	<u>60,230,479</u>	<u>60,466,520</u>	<u>64,097,128</u>	
3,148	5,572	1,866	846	979	
-	-	5,717	(188)	-	
<u>3,148</u>	<u>5,572</u>	<u>7,583</u>	<u>658</u>	<u>979</u>	
47,448,193	56,476,267	60,238,062	60,467,178	64,098,107	
1,988,185	5,450,784	6,897,002	5,007,995	8,343,487	
(7,862)	244,840	253,523	95,945	347,422	
<u>\$ 1,980,323</u>	<u>\$ 5,695,624</u>	<u>\$ 7,150,525</u>	<u>\$ 5,103,940</u>	<u>\$ 8,690,909</u>	

LINN-MAR COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	-
Restricted*	-	-	196,692	111,397
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned**	3,010,114	3,801,967	2,364,453	2,522,629
Total general fund	<u>\$ 3,010,114</u>	<u>\$ 3,801,967</u>	<u>\$ 2,561,145</u>	<u>\$ 2,634,026</u>
All Other Governmental Funds:				
Restricted for the following purposes:				
Debt service	\$ 514,124	\$ 243,380	\$ 112,171	\$ 10,138,232
Management levy	268,135	32,613	(65,838)	111,925
Student Activities	183,421	98,320	135,096	136,378
Public Education and Recreation levy	407,612	519,067	422,865	281,156
Physical Plant and Equipment levy	1,645,321	1,218,498	1,304,418	1,126,860
Other Capital Projects	11,195,391	1,750,001	532,842	-
Total all other governmental funds	<u>\$ 14,214,004</u>	<u>\$ 3,861,879</u>	<u>\$ 2,441,554</u>	<u>\$ 11,794,551</u>

Notes: * Restricted fund balances have fluctuated over the past ten years due to the state of Iowa's view on how categorical funds could be spent. Pre 9-11 era, the state of Iowa required schools to reserve any unspent categorical funds. Since then, they have opened the door somewhat and allowed schools to spend some of the categorical funds to support general programming, thus the drop off of reserved balances in 2002 and 2003. In 2004 and on, the District has reserved funds for state categorical funds, debt retirement, and the opening and construction of new facilities.

** Designated General Fund balances in years prior to 2011 has been reclassified as assigned due to the implementation of Governmental Accounting Standards Board Statement 54, based on documentation showing the purposes of the designations.

Source: School District Financial Records

	2006	2007	2008	2009	2010	2011
\$	-	\$ -	\$ -	\$ -	\$ -	37,400
	3,631	247,809	323,383	462,658	943,448	1,487,025
	-	-	-	-	-	285,459
	291,487	56,121	-	-	-	110,941
	2,112,222	2,323,217	2,953,846	4,663,394	5,172,927	7,889,075
\$	<u>2,407,340</u>	<u>\$ 2,627,147</u>	<u>\$ 3,277,229</u>	<u>\$ 5,126,052</u>	<u>\$ 6,116,375</u>	<u>\$ 9,809,900</u>
\$	19,218,276	\$ 9,211,473	\$ 87,392	\$ 2,549,933	\$ 7,635,841	\$ 7,323,671
	467,401	593,447	631,601	624,673	1,134,589	2,022,662
	149,490	252,958	256,758	270,729	398,008	549,258
	372,600	532,211	386,043	536,369	596,907	641,891
	998,492	1,326,280	1,261,782	1,350,886	725,634	-
	9,063,180	9,575,282	1,765,430	7,026,156	15,430,146	6,251,625
\$	<u>30,269,439</u>	<u>\$ 21,491,651</u>	<u>\$ 4,389,006</u>	<u>\$ 12,358,746</u>	<u>\$ 25,921,125</u>	<u>\$ 16,789,107</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Local Sources:				
Property Taxes	\$ 16,288,634	\$ 17,570,145	\$ 18,611,587	\$ 20,403,652
Statewide sales and services tax	-	-	-	-
Tuition	1,127,609	967,069	1,051,953	1,253,420
Other	1,979,886	2,234,570	1,790,888	2,045,578
Intermediate Sources	13,974	28,111	-	7,455
State Sources	17,803,210	19,216,125	19,492,157	21,001,096
Federal Sources*	449,850	1,107,290	1,179,748	962,098
Total Revenues	<u>\$ 37,663,163</u>	<u>\$ 41,123,310</u>	<u>\$ 42,126,333</u>	<u>\$ 45,673,299</u>

Notes: * The District received money from the federal government for flood damage and construction grants during the fiscal 2003 and 2004 school years. Since then our state and federal dollars have increased to support special education and title programs.

Source: School District Financial Records

	2006	2007	2008	2009	2010	2011
\$	21,599,046	\$ 23,719,160	\$ 24,876,851	\$ 28,185,239	\$ 29,571,174	\$ 30,323,051
	-	-	5,678,033	5,592,757	6,709,286	6,121,089
	1,205,786	1,421,707	1,792,758	1,968,604	2,176,974	2,510,058
	3,002,710	4,046,617	3,483,303	3,057,302	2,701,306	2,805,732
	29,089	-	1,892	-	-	-
	23,250,133	25,415,872	29,653,682	31,357,360	27,767,019	33,473,648
	1,211,973	1,099,201	1,837,335	2,108,874	5,484,986	3,752,150
\$	<u>50,298,737</u>	<u>\$ 55,702,557</u>	<u>\$ 67,323,854</u>	<u>\$ 72,270,136</u>	<u>\$ 74,410,745</u>	<u>\$ 78,985,728</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Instruction	\$ 22,234,442	\$ 23,305,504	\$ 25,074,989	\$ 27,496,940
Student services	1,746,215	1,489,379	1,648,627	1,250,165
Instructional staff services	1,870,353	1,727,303	2,055,120	1,609,526
Administration services	2,166,667	2,860,983	3,225,940	3,404,941
Operations and maintenance of plant services	2,377,287	2,743,483	3,116,221	3,819,241
Transportation services	1,217,869	1,099,100	1,283,566	1,509,554
Central and other support services*	-	214,611	89,770	-
Non-instructional programs	28,286	31,047	29,200	35,199
Facilities acquisition/construction	2,589,959	12,168,358	3,144,501	1,997,781
Debt service:				
Principal	1,700,000	1,775,000	1,875,000	1,965,000
Interest and fiscal charges	1,894,948	1,862,159	1,792,285	1,876,949
AEA flowthrough	1,417,202	1,485,575	1,452,261	1,522,333
	<u>\$ 39,243,228</u>	<u>\$ 50,762,502</u>	<u>\$ 44,787,480</u>	<u>\$ 46,487,629</u>

Debt service as a percentage of noncapital
expenditures

9.60% 8.76%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2004-2011 are available for the debt service percentage of noncapital expenditures.

*The District's central services expenditures were reallocated to other functions in the 2005 through 2010 fiscal years.

Source: School District Financial Records

	2006	2007	2008	2009	2010	2011
\$	29,974,634	\$ 33,157,396	\$ 37,737,920	\$ 40,272,400	\$ 41,092,354	\$ 41,480,379
	1,439,599	1,611,377	2,012,520	2,175,608	2,236,875	3,095,442
	1,879,839	1,881,262	2,202,437	2,356,883	2,369,786	2,514,172
	3,763,761	3,888,547	4,599,765	4,766,021	5,432,534	5,821,026
	4,073,271	4,179,156	4,703,119	5,144,794	5,165,727	5,179,501
	1,606,318	2,011,478	2,281,106	2,373,708	2,477,945	2,095,187
	-	-	-	-	-	-
	123,594	134,998	108,086	106,490	97,096	112,581
	2,097,020	18,135,936	13,889,914	7,635,006	25,726,426	11,932,534
	2,065,000	1,990,000	11,462,161	2,683,424	10,729,432	17,676,750
	2,561,488	2,730,336	3,075,404	2,304,355	3,409,086	3,569,922
	1,675,939	1,851,025	2,103,691	2,285,973	2,582,490	2,703,997
\$	<u>51,260,463</u>	<u>\$ 71,571,511</u>	<u>\$ 84,176,123</u>	<u>\$ 72,104,662</u>	<u>\$ 101,319,751</u>	<u>\$ 96,181,491</u>
	8.65%	9.45%	8.85%	20.59%	7.69%	25.24%

LINN-MAR COMMUNITY SCHOOL DISTRICT

OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Excess of revenues over (under) expenditures	\$ (1,580,065)	\$ (9,639,192)	\$ (2,661,147)	\$ (814,330)
Other financing sources (uses)				
Capital lease proceeds	-	-	-	-
Interfund transfers in	-	-	-	42,745
Interfund transfers out	-	-	-	(42,745)
Sale of equipment	560	110	-	-
Sale of real property	-	-	-	-
Revenue bond proceeds	-	-	-	-
General obligation refunding bonds issued	1,980,620	-	-	10,240,208
General obligation bonds issued	-	-	-	-
General obligation bonds refunded	-	-	-	-
Total other financing sources (uses)	1,981,180	110	-	-
Net change in fund balances	\$ 401,115	\$ (9,639,082)	\$ (2,661,147)	\$ (814,330)

Source: School District Financial Records

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ <u>(961,726)</u>	\$ <u>(15,868,954)</u>	\$ <u>(16,852,269)</u>	\$ <u>165,474</u>	\$ <u>(26,909,006)</u>	\$ <u>(17,195,763)</u>
-	-	399,706	-	314,228	-
-	9,090	1,622,661	2,573,335	4,753,458	5,462,810
-	(9,090)	(1,622,661)	(2,573,335)	(4,753,458)	(5,462,810)
-	215	-	1,119	7,481	1,769
-	-	-	19,300	-	500
-	-	-	9,632,670	34,400,000	-
14,333,551	6,939,931	-	-	6,740,000	-
9,891,593	17,330,611	-	-	-	11,755,000
(5,015,000)	(16,960,000)	-	-	-	-
<u>19,210,144</u>	<u>7,310,757</u>	<u>0</u>	<u>9,653,089</u>	<u>41,461,709</u>	<u>11,757,269</u>
\$ <u><u>18,248,418</u></u>	\$ <u><u>(8,558,197)</u></u>	\$ <u><u>(16,852,269)</u></u>	\$ <u><u>9,818,563</u></u>	\$ <u><u>14,552,703</u></u>	\$ <u><u>(5,438,494)</u></u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL FUND EXPENDITURES, BY FUNCTION, AND OTHER FINANCING USES
Last Ten Fiscal Years
(Unaudited)

Expenditures by Function

Fiscal Year Ended June 30,	Instruction	Support Services	Non- Instructional Programs	Other Expenditures	Total Expenditures	Other Financing Uses
2011	\$ 39,494,522	\$ 17,945,296	\$ -	\$ 2,703,997	\$ 60,143,815	\$ -
2010	38,890,572	16,428,065	-	2,582,490	57,901,127	-
2009	38,388,366	15,781,493	1,488	2,285,973	56,457,320	(1,041)
2008	35,801,791	14,571,626	55,816	2,103,691	52,532,924	(10,500)
2007	31,615,236	12,687,181	82,196	1,851,025	46,235,638	(9,095)
2006	28,781,564	12,012,745	642	1,675,939	42,470,890	-
2005	26,278,462	10,711,877	-	1,522,353	38,512,672	(42,745)
2004	23,947,892	10,924,257	-	1,452,261	36,324,410	-
2003	22,164,892	9,730,893	-	1,485,575	33,381,360	-
2002	21,356,226	9,083,974	-	1,417,202	31,857,402	-

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

GENERAL FUND REVENUES, BY SOURCE, AND OTHER FINANCING SOURCES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Local Tax	State	Federal	Miscellaneous	Total	Other Financing Sources
2011	\$ 23,106,617	\$ 33,471,036	\$ 3,752,150	\$ 3,505,767	\$ 63,835,570	\$ 1,769
2010	22,681,300	27,764,454	5,484,986	2,953,230	58,883,970	7,481
2009	21,808,516	31,352,545	2,087,217	3,057,787	58,306,065	1,119
2008	19,259,497	29,651,322	1,256,369	3,026,318	53,193,506	-
2007	17,317,744	25,409,145	1,070,730	2,666,485	46,464,104	215
2006	15,500,786	23,243,767	1,211,616	2,288,251	42,244,420	-
2005	14,544,873	20,984,741	969,553	2,129,131	38,628,298	-
2004	13,325,279	19,462,627	551,008	1,744,644	35,083,558	-
2003	12,690,539	19,208,714	547,626	1,647,414	34,094,293	110
2002	11,281,454	17,800,387	449,850	1,756,775	31,288,466	560

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT
 ASSESSED AND TAXABLE VALUE OF PROPERTY
 Last Ten Fiscal Years
 (Unaudited)

Assessment Year	Collection Year	Assessed value			Less: Exemptions
		Residential Property	Commercial Property	Other Property	
2009	2010-11	\$ 2,073,971,062	\$ 500,753,652	\$ 125,978,973	\$ (1,129,135,324)
2008	2009-10	1,990,858,611	477,986,759	106,310,922	(1,095,573,208)
2007	2008-09	1,893,497,108	483,513,198	98,623,115	(1,070,565,207)
2006	2007-08	1,730,138,471	450,605,377	100,148,071	(949,477,920)
2005	2006-07	1,613,286,865	443,260,340	99,459,863	(881,950,290)
2004	2005-06	1,455,510,174	435,531,201	100,395,689	(763,516,914)
2003	2004-05	1,352,545,635	414,483,900	104,473,635	(705,055,150)
2002	2003-04	1,229,119,939	376,637,198	108,753,411	(600,388,873)
2001	2002-03	1,155,102,582	365,888,743	113,517,396	(569,209,283)
2000	2001-02	984,990,084	326,190,531	123,993,535	(433,454,899)

Source: Linn County Auditor

<u>Total Taxable Value</u>	<u>Total Direct Rate</u>
\$ 1,571,568,363	19.73839
1,479,583,084	20.22951
1,405,068,214	20.40133
1,331,413,999	19.39588
1,274,056,778	18.81657
1,227,920,150	17.99931
1,166,448,020	17.76825
1,114,121,675	16.89647
1,065,299,438	16.90663
1,001,719,251	16.52524

LINN-MAR COMMUNITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Levy	Collected within the Levy Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of the Levy		Amount	Percentage of the Levy
2011	\$ 30,261,870	\$ 29,992,625	99.11%	\$ 235,142	\$ 30,227,767	99.89%
2010	29,491,293	29,241,244	99.15%	229,839	29,471,083	99.93%
2009	28,092,272	27,873,797	99.22%	209,446	28,083,242	99.97%
2008	25,428,854	24,703,063	97.15%	77,861	24,780,924	97.45%
2007	23,617,541	23,504,447	99.52%	214,713	23,719,160	100.43%
2006	21,764,907	21,431,989	98.47%	149,056	21,581,045	99.16%
2005	20,475,421	20,403,652	99.65%	-	20,403,652	99.65%
2004	18,490,273	18,495,314	100.03%	116,273	18,611,587	100.66%
2003	17,479,448	17,319,855	99.09%	122,316	17,442,171	99.79%
2002	16,293,690	16,071,120	98.63%	93,516	16,164,636	99.21%

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTSLast Ten Years
(Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2009	2010-11			
	County	\$ 6.06829	\$ 6.06829	\$ 6.06829
	Schools	19.73839	19.73839	19.73839
	City	15.21621	13.63603	9.01063
	Miscellaneous	1.26511	1.26511	1.26511
	Total Levy	<u>\$ 42.288</u>	<u>\$ 40.70782</u>	<u>\$ 36.08242</u>
Ratio of Linn-Mar Community School District to Total		<u>46.68%</u>	<u>48.49%</u>	<u>54.70%</u>
2008	2009-10			
	County	\$ 5.95245	\$ 5.95245	\$ 5.95245
	Schools	20.22951	20.22951	20.22951
	City	15.21621	13.86482	9.28024
	Miscellaneous	1.22581	1.22581	1.22581
	Total Levy	<u>\$ 42.62398</u>	<u>\$ 41.27259</u>	<u>\$ 36.68801</u>
Ratio of Linn-Mar Community School District to Total		<u>47.46%</u>	<u>49.01%</u>	<u>55.14%</u>
2007	2008-09			
	County	\$ 6.14971	\$ 6.14971	\$ 6.14971
	Schools	20.40133	20.40133	20.40133
	City	15.07076	14.1385	9.1834
	Miscellaneous	1.25457	1.47989	1.47989
	Total Levy	<u>\$ 42.87637</u>	<u>\$ 42.16943</u>	<u>\$ 37.21433</u>
Ratio of Linn-Mar Community School District to Total		<u>47.58%</u>	<u>48.33%</u>	<u>54.82%</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTSLast Ten Years
(Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2006	2007-08*			
	County	\$ 5.88629	\$ 5.88629	\$ 5.88629
	Schools	19.39588	19.39588	19.39588
	City	14.6161	13.78572	9.33124
	Miscellaneous	1.26327	1.23029	1.23029
	Total Levy	<u>\$ 41.16154</u>	<u>\$ 40.29818</u>	<u>\$ 35.8437</u>
Ratio of Linn-Mar Community School District to Total		<u>46.83%</u>	<u>47.40%</u>	<u>53.65%</u>
2005	2006-07*			
	County	\$ 5.69014	\$ 5.69014	\$ 5.69014
	Schools	18.81657	18.81657	18.81657
	City	14.38608	13.95525	9.32643
	Miscellaneous	1.288	1.23853	1.23853
	Total Levy	<u>\$ 40.18079</u>	<u>\$ 39.70049</u>	<u>\$ 35.07167</u>
Ratio of Linn-Mar Community School District to Total		<u>46.83%</u>	<u>47.40%</u>	<u>53.65%</u>
2004	2005-06*			
	County	\$ 5.73231	\$ 5.73231	\$ 5.73231
	Schools	17.99931	17.99931	17.99931
	City	13.98997	13.98851	8.69792
	Miscellaneous	1.06205	0.97102	0.97102
	Total Levy	<u>\$ 38.78364</u>	<u>\$ 38.69115</u>	<u>\$ 33.40056</u>
Ratio of Linn-Mar Community School District to Total		<u>46.41%</u>	<u>46.52%</u>	<u>53.89%</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTSLast Ten Years
(Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2003	2004-2005*			
	County	\$ 5.51347	\$ 5.51347	\$ 5.51347
	Schools	17.76825	17.76825	17.76825
	City	13.11797	13.65104	8.54268
	Miscellaneous	1.08096	0.98101	0.98101
	Total Levy	<u>\$ 37.48065</u>	<u>\$ 37.91377</u>	<u>\$ 32.80541</u>
Ratio of Linn-Mar Community School District to Total		<u>47.41%</u>	<u>46.86%</u>	<u>54.16%</u>
2002	2003-2004*			
	County	\$ 5.29322	\$ 5.29322	\$ 5.29322
	Schools	16.89647	16.89647	16.89647
	City	13.06777	13.46667	8.55126
	Miscellaneous	1.07587	0.97726	0.97726
	Total Levy	<u>\$ 36.33333</u>	<u>\$ 36.63362</u>	<u>\$ 31.71821</u>
Ratio of Linn-Mar Community School District to Total		<u>46.50%</u>	<u>46.12%</u>	<u>53.27%</u>
2001	2002-2003*			
	County	\$ 5.25419	\$ 5.25419	\$ 5.25419
	Schools	16.90663	16.90663	16.90663
	City	12.82969	13.25744	8.58425
	Miscellaneous	1.06121	0.9617	0.9617
	Total Levy	<u>\$ 36.05172</u>	<u>\$ 36.37996</u>	<u>\$ 31.70677</u>
Ratio of Linn-Mar Community School District to Total		<u>46.90%</u>	<u>46.47%</u>	<u>53.32%</u>

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTSLast Ten Years
(Unaudited)

Levy Year	Collection Year	City of Cedar Rapids	City of Marion	City of Robins
2000	2001-2002*			
	County	\$ 5.24684	\$ 5.24684	\$ 5.24684
	Schools	16.52524	16.52524	16.52524
	City	13.04	12.78971	8.61467
	Miscellaneous	1.01956	0.87966	0.87966
	Total Levy	\$ <u>35.83164</u>	\$ <u>35.44145</u>	\$ <u>31.26641</u>
Ratio of Linn-Mar Community School District to Total		<u>46.12%</u>	<u>46.63%</u>	<u>52.85%</u>

* = Tax rates expressed in dollars per \$1,000 assessed valuation.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES BY FUND
PER \$1,000 ASSESSED VALUATION
Last Ten Fiscal Years
(Unaudited)

Ending June 30,	General	Management	Board PPEL	Playground	Voted PPEL	Debt Service	Total
2011	\$ 15.11830	\$ 1.14668	\$ 0.33000	\$ 0.13500	\$ 0.67000	\$ 2.33841	\$ 19.73839
2010	15.56715	0.90000	0.33000	0.13500	0.67000	2.62736	20.22951
2009	15.86000	0.65000	0.33000	0.13500	0.67000	2.75633	20.40133
2008	15.07172	0.65068	0.33000	0.03062	0.67000	2.64286	19.39588
2007	13.79463	0.79637	0.33000	0.13500	0.67000	3.09057	18.81657
2006	12.97192	0.91638	0.33000	0.13500	0.67000	2.97601	17.99931
2005	12.71299	0.91309	0.33000	0.03048	0.67000	3.11169	17.76825
2004	12.16085	0.45000	0.33000	0.13500	0.67000	3.15062	16.89647
2003	12.33196	0.30770	0.33000	0.13500	0.67000	3.13197	16.90663
2002	11.52442	0.25513	0.33000	0.13500	0.67000	3.61069	16.52524

Source: School District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2009 Taxable Value 1/1/2009 Valuation	Percentage of Total Assessed Valuation*	2000 Taxable Value 1/1/2000 Valuation	Percentage of Total Assessed Valuation*
SDG Macerich Properties	\$ 34,374,794	2.19 %	\$ -	- %
Rockwell Collins Inc	19,126,456	1.22	59,350,092	5.91
OPM LC	13,146,559	0.84	8,844,466	0.88
Collins Square LLC	12,653,384	0.81	10,436,860	1.04
Developers Diversified Realty Corp	11,552,641	0.74	-	-
WalMart	10,850,705	0.69	-	-
Timberland Partners	10,784,528	0.69	-	-
Atrium Finance	9,675,466	0.62	-	-
Target Corporation	8,419,751	0.54	-	-
Busse Investment Inc	-	-	5,634,170	0.56
Lindale Mall	-	-	30,288,700	3.02
Alliant Energy	-	-	6,627,185	0.66
U.S. West Inc	-	-	5,433,357	0.54
Northland Square Mall	-	-	4,592,610	0.46
Hy-Vee Food Stores	-	-	4,560,062	0.45
Mid American Energy	-	-	2,190,252	0.22
Total	\$ <u>130,584,284</u>	8.31 %	\$ <u>137,957,754</u>	13.74 %

* = 2009 Total District Taxable Valuation is \$1,571,568,363

2000 Total District Taxable Valuation is \$1,004,367,247

Note: The 2009 valuation was reported because the taxes collected during the 2011 fiscal year was based on the 2009 valuation.

Source: Linn County Auditor

LINN-MAR COMMUNITY SCHOOL DISTRICT

RATIO OF BONDED DEBT TO ASSESSED VALUE
AND BONDED DEBT PER CAPITA
Last Ten Fiscal Years
(Unaudited)

Year of Collection	Assessed Values of Property	General Bonded Debt	Revenue Bonded Debt	Total Bonded Debt	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita*
2010-11	\$ 2,700,703,687	\$ 48,440,000	\$ 39,705,000	\$ 88,145,000	3.26%	\$ 341
2009-10	2,545,408,524	51,215,000	42,725,000	93,940,000	3.69%	365
2008-09	2,441,242,271	53,870,000	9,525,000	63,395,000	2.60%	248
2007-08	2,255,811,533	56,485,000	-	56,485,000	2.50%	223
2006-07	2,152,971,640	67,860,000	-	67,860,000	3.15%	272
2005-06	1,988,451,640	62,425,000	-	62,425,000	3.14%	253
2004-05	1,868,577,010	45,265,000	-	45,265,000	2.42%	185
2003-04	1,711,628,836	37,080,000	-	37,080,000	2.17%	153
2002-03	1,631,747,389	38,955,000	-	38,955,000	2.39%	161
2001-02	1,432,053,566	40,730,000	-	40,730,000	2.84%	170

Source: District Financial Records, Woods & Poole Economics

* Notes: Percentage Per Capita figures are based upon Cedar Rapids Metropolitan Statistical Area Data from the corresponding calendar year.

LINN-MAR COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Ratio of Bonded Debt to Personal Income*
2011	\$ 48,440,000	\$ 39,705,000	\$ 292,561	\$ 88,437,561	0.99%
2010	51,215,000	42,725,000	419,311	94,359,311	1.06%
2009	53,870,000	9,525,000	239,512	63,634,512	0.75%
2008	56,485,000	-	312,545	56,797,545	0.68%
2007	67,860,000	-	-	67,860,000	0.96%
2006	62,425,000	-	-	62,425,000	0.91%
2005	45,265,000	-	-	45,265,000	0.67%
2004	37,080,000	-	-	37,080,000	0.56%
2003	38,955,000	-	-	38,955,000	0.59%
2002	40,730,000	-	-	40,730,000	0.62%

* Source: School District financial records.

See Miscellaneous Demographic Statistics on page 116. These ratios are calculated using personal income and population for the prior calendar year.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2010

(Unaudited)

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit*	Linn-Mar Community School District Share of Debt
Direct:			
Linn-Mar Community School District	\$ 48,440,000	100.00%	\$ 48,440,000
Overlapping:			
City of Cedar Rapids	138,633,583	39.10%	54,205,731
City of Marion	17,085,000	51.28%	8,761,188
City of Robbins	8,305,000	1.53%	127,067
Kirkwood Community College	12,585,000	8.15%	1,025,678
AEA #10 - Grant Wood	-	8.15%	-
Linn County	14,230,000	17.80%	2,532,940
Total overlapping	<u>190,838,583</u>		<u>66,652,604</u>
Total Direct and Overlapping Debt	<u>\$ 239,278,583</u>		<u>\$ 115,092,604</u>

Source: Linn County Auditor

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing boundaries and dividing it by each unit's total taxable value.

LINN-MAR COMMUNITY SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(Unaudited)

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Total Assessed Valuation	\$ <u>1,432,503,566</u>	\$ <u>1,631,747,389</u>	\$ <u>1,711,628,836</u>	\$ <u>1,868,577,010</u>	\$ <u>1,988,451,640</u>
Bonded Debt Limit * 5% of assessed valuation	71,625,178	81,587,369	85,581,442	93,428,851	99,422,582
Bonded Debt at end of fiscal year	<u>40,730,000</u>	<u>38,955,000</u>	<u>37,080,000</u>	<u>45,265,000</u>	<u>62,425,000</u>
Debt Margin at end of fiscal year	\$ <u>30,895,178</u>	\$ <u>42,632,369</u>	\$ <u>48,501,442</u>	\$ <u>48,163,851</u>	\$ <u>36,997,582</u>
Legal Debt Margin as a percentage of debt limit	43.13%	52.25%	56.67%	51.55%	37.21%

* = Code of Iowa Section 296.1

Source: Linn County Auditor

<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
\$ <u>2,152,971,640</u>	\$ <u>2,255,811,533</u>	\$ <u>2,441,242,271</u>	\$ <u>2,545,408,524</u>	\$ <u>2,700,703,687</u>
107,648,582	112,790,577	122,062,114	127,270,426	135,035,184
<u>67,860,000</u>	<u>56,485,000</u>	<u>63,395,000</u>	<u>94,359,311</u>	<u>88,437,561</u>
\$ <u>39,788,582</u>	\$ <u>56,305,577</u>	\$ <u>58,667,114</u>	\$ <u>32,911,115</u>	\$ <u>46,597,623</u>
36.96%	49.92%	48.06%	25.86%	34.51%

LINN-MAR COMMUNITY SCHOOL DISTRICT
MISCELLANEOUS DEMOGRAPHIC STATISTICS
Last Ten Years
(Unaudited)

Calendar Year	Population	Personal Income	Per Capita Income	Cedar Rapids Retail Sales (In Millions)	Marion Retail Sales (In Millions)	Linn-County Unemployment Rate	State Unemployment Rate
2010	258,467	\$ 8,908,110,000	\$ 34,465.0	\$ 2,645.4	\$ 333.3	6.00 %	6.10 %
2009	257,530	8,865,730,000	34,426.0	2,895.0	351.8	5.70	6.00
2008	255,452	8,474,980,000	33,176.0	2,577.0	315.6	4.00	4.10
2007	252,780	8,352,940,000	33,044.0	2,444.5	344.5	3.80	3.80
2006	249,790	7,038,880,000	28,179.0	2,389.9	337.1	3.70	3.70
2005	246,410	6,894,660,000	27,980.0	2,398.2	287.1	4.70	4.60
2004	244,310	6,757,900,000	27,661.0	2,391.9	259.1	4.90	4.80
2003	242,550	6,599,440,000	27,209.0	2,328.2	252.2	4.80	4.50
2002	241,580	6,570,810,000	27,199.0	2,292.9	253.6	4.40	4.00
2001	239,760	6,570,190,000	27,403.0	2,229.5	237.9	3.10	3.30

Source: Cedar Rapids Chamber of Commerce, Woods & Poole Economics,
Iowa Department of Employment Services, Iowa Retail Sales and Use Tax Report

Note: The information provided in this chart is collected on a calendar year basis, so data for 2011 is not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

NEW COMMERCIAL AND INDUSTRIAL BUILDING PERMITS

Last Ten Years

(Unaudited)

Year	City of Cedar Rapids New Commercial		City of Marion New Commercial	
	# of Permits	Valuation	# of Permits	Valuation
2010	22	\$ 37,695,793	10	\$ 30,148,436
2009	21	19,387,965	6	902,214
2008	26	36,693,287	4	6,200,525
2007	30	58,819,301	10	6,246,039
2006	35	31,775,555	10	10,402,835
2005	52	54,653,299	19	15,823,935
2004	47	16,796,266	9	1,292,890
2003	43	15,849,336	9	1,888,957
2002	41	17,987,403	7	1,198,331
2001	45	24,095,638	2	317,117

Year	City of Cedar Rapids New Industrial		City of Marion New Industrial	
	# of Permits	Valuation	# of Permits	Valuation
2010	0	\$ -	1	\$ 75,000
2009	1	163,900	0	-
2008	12	34,937,383	0	-
2007	23	34,114,203	0	-
2006	2	8,095,188	1	229,680
2005	3	764,800	1	130,000
2004	4	2,989,448	1	91,872
2003	3	170,000	1	114,840
2002	1	225,000	1	1,877,468
2001	1	45,000	-	-

Source: City of Cedar Rapids Building Department
City of Marion

Note: The information provided in this chart is collected on a calendar year basis, so data for 2011 is not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT
NEW SINGLE AND MULTI FAMILY DWELLING PERMITS
Last Ten Years
(Unaudited)

Year	City of Cedar Rapids Single-Family		City of Marion Single-Family	
	# of Permits	Valuation	# of Permits	Valuation
2010	332	\$ 29,438,833	145	\$ 16,677,433
2009	323	29,770,945	143	1,633,694
2008	292	30,247,887	216	26,585,154
2007	298	33,829,577	215	26,142,204
2006	346	37,911,515	211	25,406,593
2005	348	37,783,146	312	36,446,164
2004	338	34,725,819	289	29,467,226
2003	378	37,635,431	253	26,452,966
2002	370	37,741,513	227	23,370,869
2001	374	35,989,687	189	18,701,530

Year	City of Cedar Rapids Multi-Family		City of Marion Multi-Family	
	# of Permits	Valuation	# of Permits	Valuation
2010	33 (99)	\$ 6,331,267	21 (n/a)	\$ 3,960,067
2009	73 (n/a)	28,959,453	27 (n/a)	6,037,139
2008	41(160)	9,749,758	25 (73)	5,933,636
2007	49 (254)	14,418,797	38 (n/a)	11,562,153
2006	37 (134)	9,140,955	37 (113)	9,211,430
2005	75 (n/a)	24,769,755	44 (n/a)	19,879,621
2004	18 (108)	33,595,118	14 (n/a)	3,245,040
2003	37 (n/a)	7,650,440	39 (n/a)	17,736,558
2002	19 (n/a)	15,644,822	47 (n/a)	17,875,071
2001	19 (n/a)	5,674,602	34 (n/a)	8,279,526

Source: City of Cedar Rapids Building Department
City of Marion

Note: The information provided in this chart is collected on a calendar year basis, so data for 2011 is not yet available.

LINN-MAR COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS Prior Year and Ten Years Ago (Unaudited)

	2011		2000	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
State University of IA/Hospital	\$ 26,267	49.22 %	\$ 21,773	46.48 %
Rockwell-Avionics	9,470	17.74	6,300	13.45
Aegon USA	3,872	7.25	-	-
St. Lukes Hospital	3,184	5.96	2,250	4.80
Mercy Medical Center	2,312	4.33	1,700	3.63
Whirlpool Corporation	2,225	4.17	2,950	6.30
Kirkwood Comm. College	1,944	3.64	-	-
Pearson	1,490	2.79	-	-
Veterans Health Administration	1,351	2.53	-	-
Mercy Iowa City	1,266	2.37	4,073	8.69
Area Schools/AEA	-	0.00	1,950	4.16
Hy-Vee Stores	-	0.00	-	-
Walmart Stores, Inc.	-	0.00	-	-
IES Utilities	-	0.00	2,282	4.87
McLeod USA	-	0.00	1,966	4.20
MCI Communications	-	0.00	1,600	3.42
Total	\$ <u>53,381</u>	<u>100.00</u> %	\$ <u>46,844</u>	<u>100.00</u> %

Source: Cedar Rapids Area Chamber of Commerce

LINN-MAR COMMUNITY SCHOOL DISTRICT

FULL-TIME – EQUIVALENT DISTRICT EMPLOYEES BY TYPE
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Administration				
Superintendent	1	1	1	1
Associate Superintendent	1	1	1	1
Principals	7	7	8	9
Assistant Principals	5	6	5	5
Deans	-	-	-	-
School administrative manager	-	-	-	-
Other Administrators	2	1.5	1	2.5
Supervisors	4	4	4	4
Instructors				
Regular Program Teachers	269.16	270.04	284.63	293.39
Special Education Teachers	31.3	38.5	41	48
Student Services				
Guidance Counselors	11	11	12	12.5
Media Specialists	7	7	8	8
Curriculum Coordinators	3	2	2	2
Other Licensed Staff	4.5	3.75	2	4.5
Other Coordinators	2.5	3.5	4.5	3
Support Personnel				
Nurse	2.5	2.5	3	3
Clerical	34.43	34.56	35.56	36.44
Paraeducators	105.3	105.4	123.14	128.48
Custodial & Maintenance	51.1	55.01	97.15	58.97
Food Service	31.72	31.63	-1	37.44
Bus Drivers	14.33	14.18	16.375	17.18
	<u>587.84</u>	<u>599.57</u>	<u>648.355</u>	<u>675.4</u>

Source: District Personnel Records

2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
1	1	1	1	1	1
9	9	10	10	10	10
5	5	5	6	6	8
-	-	2	2	2	2
-	2	2	3	5	7
3	3	4	4	4	4
4	4	4.5	7	7	8
309.8	327.59	356.92	362.6	366.6	367.33
51	52	54	55	56	54.27
14	15	17	17	17	17
8	8	9	10	10	10
2	2	2	2	2	2
5	5	5	5	5	6
3	3	4	4	4	4
3	3.75	4	4	4	4
36.56	36.15	40.36	43.4	43.5	43.56
122.77	133.13	144.27	149	154.9	144.95
58.85	62.46	63.06	63	63	58
42.44	41.59	48.07	48.16	49.82	51.57
22.19	22.03	21.53	27.09	28.19	26.9
701.61	736.7	798.71	824.25	840.01	830.58

LINN-MAR COMMUNITY SCHOOL DISTRICT
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>Insured Property Value</u>	<u>Expenditures for Construction</u>	<u>Bank Deposit*</u>
2011	\$ 138,693,867	\$ 11,709,850	\$ 6,638,429.00
2010	138,979,461	24,266,307	4,000,517.94
2009	120,501,828	6,614,785	345,459.87
2008	119,383,700	11,906,419	1,152,586.51
2007	87,310,929	18,135,935	412,828.62
2006	85,868,742	2,097,020	506,350.16
2005	78,890,063	1,962,487	1,656,331.15
2004	61,678,981	2,320,801	470,381.72
2003	58,546,915	11,594,240	791,857.47
2002	57,969,762	2,561,809	1,651,617.31

* = School district's General Fund and Management Fund
bank deposit at June 30, which doesn't include investments.

Source: Bouslog Insurance, Inc.
District Financial Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

OPERATING COST PER PUPIL
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Total Costs*</u>	<u>Average Daily Attendance</u>	<u>Operating Costs Per Pupil</u>
2010-2011	\$ 60,143,815	6,252	\$ 9,620
2009-2010	57,901,127	5,963	9,710
2008-2009	56,457,320	5,759	9,803
2007-2008	52,532,924	5,491	9,567
2006-2007	46,235,638	5,299	8,725
2005-2006	42,470,890	5,003	8,489
2004-2005	38,512,612	4,765	8,082
2003-2004	36,324,410	4,702	7,725
2002-2003	33,302,550	4,509	7,386
2001-2002	31,857,402	4,392	7,254

* Includes all General Fund Expenditures

Source: School District Financial and Attendance Reports

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year			
	2002	2003	2004	2005
Elementary				
Bowman Woods				
Square Feet	42,200	50,906	50,906	50,906
Capacity	500	500	500	500
Enrollment	463	524	514	499
Echo Hill				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Indian Creek				
Square Feet	49,200	49,200	49,200	49,200
Capacity	450	450	450	450
Enrollment	430	426	406	427
Linn Grove				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Novak				
Square Feet	57,300	57,300	57,300	57,300
Capacity	400	400	400	400
Enrollment	473	487	370	362
Westfield				
Square Feet	58,000	58,000	58,000	58,000
Capacity	500	500	500	500
Enrollment	493	495	405	436
Wilkins				
Square Feet	48,800	48,800	48,800	48,800
Capacity	500	500	500	500
Enrollment	455	434	460	473
Pre - K-8 Building***				
Oak Ridge				
Square Feet	-	-	105,383	105,383
Capacity	-	-	750	750
Enrollment	-	-	577	643
Middle School/Intermediate*				
Excelsior				
Square Feet	126,700	126,700	126,700	126,700
Capacity	1,100	1,100	1,100	1,100
Enrollment	1,065	1,122	884	836
Oak Ridge				
Square Feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
High School/Junior High**				
Square Feet	305,000	305,000	305,000	305,000
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,274	1,250	1,292	1,399

2006	2007	2008	2009	2010	2011
50,906	50,906	50,906	50,906	50,906	50,906
500	500	500	500	500	500
498	537	474	437	437	437
-	-	-	78,000	78,000	78,000
-	-	-	600	600	600
-	-	-	511	511	511
49,200	49,200	49,200	49,200	49,200	49,200
450	450	450	450	450	450
478	525	366	385	385	385
-	-	78,000	78,000	78,000	78,000
-	-	600	600	600	600
-	-	374	379	379	379
57,300	57,300	57,300	57,300	57,300	57,300
400	400	400	400	400	400
366	381	345	357	357	357
58,000	58,000	58,000	58,000	58,000	58,000
500	500	500	500	500	500
462	443	472	427	427	427
48,800	48,800	48,800	48,800	48,800	48,800
500	500	500	500	500	500
462	508	411	442	442	442
105,383	105,383	105,383	-	-	-
750	750	750	-	-	-
692	781	925	-	-	-
126,700	126,700	126,700	126,700	126,700	126,700
1,100	1,100	1,100	1,100	1,100	1,100
841	823	785	787	787	787
-	-	-	105,383	105,383	105,383
-	-	-	750	750	750
-	-	-	599	599	599
305,000	305,000	305,000	305,000	305,000	305,000
1,800	1,800	1,800	1,800	1,800	1,800
1,504	1,642	1,694	1,761	1,761	1,761

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years

(Unaudited)

Notes: Over time, some of the buildings' capacity has actually decreased due to the inclusion of additional special programs.

*Excelsior Middle School opened in 1995 as an intermediate school and was added onto in 1999 and converted into a middle school.

**The high school started out as two separate buildings: the high school and junior high. Over time they were both added onto and are now one large building.

***With the opening of Echo Hill elementary school at the start of the 2008-2009 school year, Oak ridge school was converted from a Pre-K-8 school to a middle school.

Source: School District Construction and Enrollment Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

FINANCIAL SOLVENCY RATIO Last Ten Fiscal Years (Unaudited)

Fiscal Year	Assigned and Unassigned General Fund Balance	Actual Revenues	Financial Solvency Ratio
2010-2011	\$ 8,000,016	\$ 63,835,570	12.53 %
2009-2010	5,172,928	58,883,970	8.78
2008-2009	4,663,394	58,306,065	8.00
2007-2008	2,953,846	53,193,506	5.55
2006-2007	2,379,338	46,464,104	5.12
2005-2006	2,403,709	42,244,420	5.69
2004-2005	2,522,629	38,628,298	6.53
2003-2004	2,364,453	35,083,588	6.74
2002-2003	3,801,967	34,094,293	11.15
2001-2002	3,010,114	31,288,466	9.62

* Financial Solvency Ratio =
$$\frac{\text{Undesignated, Unreserved General Fund Balance}}{\text{Actual Revenues}}$$

The financial solvency ratio measures movement and distribution of current assets. The financial solvency ratio represents a school district's year end position after payment of all current and outstanding or accrued liabilities.

Ranges utilized are:

TARGETED SOLVENCY POSITION:

Financial Solvency Ratio ranging from 5% to 10% of actual revenues. A school district is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term obligations.

ACCEPTABLE SOLVENCY POSITION:

Financial Solvency Ratio ranging from 0% to 4.99% of actual revenues. Fund balance is considered adequate for short-term credit purposes as long as other local economic trends, such as property tax collections and enrollment, are sound.

SOLVENCY ALERT:

A solvency alert exists if the school corporation has a negative solvency ratio up to -3.0% of actual revenues. A negative solvency position in this range warrants prompt management response but could be caused by operating revenue/expenditure fluctuations within a one year budget.

SOLVENCY CONCERN:

A solvency concern exists if the school corporation has a negative solvency ratio in excess of -3.0% of actual revenues.

Source: School District Financial Records.

LINN-MAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY MEMBERSHIP (ADM),
AVERAGE DAILY ATTENDANCE (ADA) AND RATIO OF ADA TO ADM
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ending June 30,</u>	<u>Average Daily Membership (ADM)</u>	<u>Average Daily Attendance (ADA)</u>	<u>Ratio of ADA to ADM</u>
2011	6,534	6,252	95.68 %
2010	6,308	5,963	94.53
2009	6,069	5,759	94.89
2008	5,814	5,491	94.44
2007	5,602	5,299	94.59
2006	5,266	5,003	95.01
2005	4,975	4,765	95.78
2004	4,912	4,702	95.72
2003	4,708	4,509	95.77
2002	4,568	4,392	96.15

Source: District Enrollment Records

LINN-MAR COMMUNITY SCHOOL DISTRICT

OPEN ENROLLED STUDENTS

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Open Enrollment In</u>	<u>Open Enrollment Out</u>	<u>Net Gain (Loss)</u>
2011	399	543	(144)
2010	309	558	(249)
2009	253	589	(336)
2008	214	667	(453)
2007	174	561	(387)
2006	153	543	(390)
2005	158	491	(333)
2004	135	490	(355)
2003	128	470	(342)
2002	139	459	(320)

Source: School District Certified Enrollment Records

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Internal Controls and Compliance Section



LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 82,390
National School Lunch Program	10.555	FY 11	581,836
National School Lunch Program (non-cash)	10.555	FY 11	172,881
			<u>837,107</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	3715-G-11	397,171
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	RIB 1573715	143,321
			<u>540,492</u>
 Career and Technical Education - Basic Grants to States	84.048	FY 10	1,714
Career and Technical Education - Basic Grants to States	84.048	FY 11	37,690
			<u>39,404</u>
 Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 11	1,982
 Advanced Placement Program	84.330	FY 11	741
 Improving Teacher Quality State Grants	84.367	FY 11	123,197
 Grants for State Assessments and Related Activities	84.369	FY 10	39,735
Grants for State Assessments and Related Activities	84.369	FY 11	6,311
			<u>46,046</u>
State Fiscal Stabilization Fund Cluster Programs:			
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	31,208
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 11	338,821
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	FY 11	302,212
			<u>672,241</u>
 Education Jobs Fund	84.410	FY 11	195,323

LINN-MAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

<u>Grantor / Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect (continued):			
U.S. Department of Education (continued):			
Grant Wood Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 11	341,877
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	491,170
			<u>833,047</u>
 Title III - English Language Acquisition Grants	 84.365	 FY 11	 <u>4,711</u>
 Total			 \$ <u><u>3,294,291</u></u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Linn-Mar Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Linn-Mar Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Linn-Mar Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 20, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Linn-Mar Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Linn-Mar Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Linn-Mar Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We noted no matters involving internal control over financial reporting that we consider to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Linn-Mar Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about Linn-Mar Community School District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Linn-Mar Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Linn-Mar Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Linn-Mar Community School District and other parties to whom Linn-Mar Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Linn-Mar Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
December 20, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Board of Education of
Linn-Mar Community School District:

Compliance

We have audited the compliance of Linn-Mar Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. Linn-Mar Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Linn-Mar Community School District's management. Our responsibility is to express an opinion on Linn-Mar Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Linn-Mar Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Linn-Mar Community School District's compliance with those requirements.

In our opinion, Linn-Mar Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Linn-Mar Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Linn-Mar Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no matters involving internal control over compliance that we consider to be material weaknesses.

Linn-Mar Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Linn-Mar Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Linn-Mar Community School District and other parties to whom Linn-Mar Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
December 20, 2010

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.401 – Education Jobs Fund
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
 - Clustered programs:
 - CFDA Number 84.027 – Special Education, Grants to States
 - CFDA Number 84.391 – ARRA – Special Education, Grants to States, Recovery Act
 - Clustered programs:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
 - CFDA Number 84.397 – ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Linn-Mar Community School District qualified as a low-risk auditee.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-11 Fundraiser Controls – We noted inadequate fundraiser controls over one fundraiser of two tested. We noted that the final approval/summary sheet for one fundraiser was not completed and turned in after the fundraiser was completed. In addition, actual revenues turned in to the District were at least \$1,020 less than expected revenues based on the related invoices and projected profit margin.

Recommendation – The District should enforce more stringent fundraiser controls, including accounting for all associated receipts and disbursements and timely completion of a profit/loss summary, including tying all sales to receipts and deposits, recording the purpose for all disbursements, and completing a profit analysis. If an organization fails to accurately and timely complete a final financial report, the District should consider limiting further fundraisers until the report is completed. The District should educate all clubs on the importance of including any effects of ending fundraiser item inventories and any items given free. Inventories for fundraising should be discouraged or kept to a minimum.

Response – We currently have requirements for approvals for all fundraisers. We will communicate the need for tighter controls to all applicable personnel. We have contacted the individual responsible and have banned that individual from any further responsibility for the financial aspects of any future fundraisers.

Conclusion – Response accepted.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011, did not exceed the amounts budgeted.
- IV-B-11 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-J-11 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

LINN-MAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-11 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	6,882,198
Revenues:			
Sales tax revenues	\$	6,121,089	
Other local revenues		<u>79,225</u>	<u>6,200,314</u>
Expenditures/transfers out:			
School infrastructure construction		630,827	
Equipment		491,830	
Transfers to other funds:			
Debt Service Fund		<u>4,937,555</u>	<u>6,060,212</u>
Ending balance		\$	<u><u>7,022,300</u></u>

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 1.49000	\$ 1,000,000